OHIO AUDITOR OF STATE
KEITH FABER

POLARIS CAREER CENTER
CUYAHOGA COUNTY
JUNE 30, 2023

TABLE OF CONTENTS

POLARIS CAREER CENTER
CUYAHOGA COUNTY
JUNE 30, 2023

TABLE OF CONTENTS
(Continued)

OHIO AUDITOR OF STATE
KEITH FABER

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

INDEPENDENT AUDITOR'S REPORT

Polaris Career Center
Cuyahoga County
7285 Old Oak Boulevard
Middleburg Heights, Ohio 44130

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Polaris Career Center, Cuyahoga County, Ohio as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2024, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

February 13, 2024

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POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(UNAUDITED)

The management's discussion and analysis of Polaris Career Center's (the "Center") financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the Center's financial performance as a whole; readers should also review the notes to the basic financial statements and basic financial statements to enhance their understanding of the Center's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- In total, net position increased $576,080 from 2022's net position. Net position of governmental activities increased $74,819 from 2022's net position and business-type activities net position increased $501,261 from 2022.

- General revenues accounted for $18,864,425 in revenue or 86.06% of governmental activities revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for $3,056,520 or 13.94% of governmental activities revenues.

- The Center had $21,846,126 in expenses related to governmental activities; only $3,056,520 of these expenses was offset by program specific charges for services, operating grants or contributions resulting in a net cost of $18,789,606 for the Center. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $18,864,425 were adequate to provide for these programs.

- The Center's major governmental funds are the general fund and the permanent improvement fund. The general fund had $17,285,352 in revenues and other financing sources and $17,364,302 in expenditures and other financing uses. During fiscal year 2023, the general fund's fund balance decreased $78,950 from a balance of $10,077,530 to $9,998,580.

- The permanent improvement fund had $3,621,428 in revenues and other financing sources and $3,794,769 in expenditures. During fiscal year 2023, the permanent improvement fund's fund balance decreased $173,341 from a balance of $2,275,527 to $2,102,186.

- The business-type activities net position which include adult and community education, uniform school supplies, and customer services operations increased $501,261 on $3,352,954 in revenues and $2,851,693 in expenses.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the 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 Center, presenting both an aggregate view of the Center's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Center's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Center, the general fund and the permanent improvement fund are the most significant funds, and the only governmental funds reported as major funds. The Center has reported the adult and community education fund as a major enterprise fund.

Reporting the 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 Center to provide programs and activities, the view of the Center as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" 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 fund's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the Center is divided into two distinct kinds of activities:

Governmental activities - Most of the Center's programs and services are reported here including instruction, support services, operation and maintenance of plant and extracurricular activities.

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

Reporting the Center's Most Significant Funds

Fund Financial Statements

The analysis of the Center's major governmental funds and the analysis of the Center's major and nonmajor enterprise funds begins on page 14. Fund financial reports provide detailed information about the Center's major funds. The Center uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Center's most significant funds. The Center's major governmental funds are the general fund and permanent improvement fund. The Center's only major enterprise fund is the adult and community education fund.

Governmental Funds

Most of the Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Center's general 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 financial statements.

Proprietary Funds

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

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.

Required Supplementary Information

The required supplementary information provides detailed information regarding the Center's proportionate share of the net pension liability and net OPEB liability/asset of the retirement systems and up to a ten-year schedule of Center's contributions to the retirement systems to fund pension and OPEB obligations.

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The Center as a Whole

The statement of net position provides the perspective of the Center as a whole. The table below provides a summary of the Center's net position for 2023 and 2022.

	Governmental Activities		Business-Type Activities	
	2023	2022	2023	2022
Assets				
Current and other assets	$ 27,911,520	$ 27,901,948	$ 1,895,085	$ 1,638,598
Net OPEB asset	1,279,400	1,062,249	123,087	129,678
Capital assets, net	43,747,456	44,762,349	1,022,873	1,065,415
Total assets	72,938,376	73,726,546	3,041,045	2,833,691
Deferred outflows of resources				
Pension	3,599,600	3,414,731	507,756	492,398
OPEB	321,459	398,259	60,637	60,652
Total deferred outflows	3,921,059	3,812,990	568,393	553,050
Liabilities				
Current liabilities	2,174,609	1,846,955	145,794	123,211
Long-term liabilities:				
Due within one year	1,476,371	1,399,040	44,421	38,100
Due in more than one year:				
Net pension liability	15,154,747	9,202,968	1,892,549	1,321,134
Net OPEB liability	1,004,964	1,319,772	201,394	255,585
Other amounts	47,364,646	48,505,918	35,788	44,183
Total liabilities	67,175,337	62,274,653	2,319,946	1,782,213
Deferred inflows of resources				
Property taxes and PILOTS	13,164,672	12,903,151	-	-
Pensions	1,972,462	7,996,173	498,157	1,285,441
OPEB	2,348,699	2,242,113	439,173	468,186
Total deferred inflows	17,485,833	23,141,437	937,330	1,753,627
Net Position				
Net investment in capital assets	(1,679,802)	(1,420,426)	1,022,873	1,065,415
Restricted	764,588	477,663	1,244	-
Unrestricted (deficit)	(6,886,521)	(6,933,791)	(671,955)	(1,214,514)
Total net position (deficit)	$ (7,801,735)	$ (7,876,554)	$ 352,162	$ (149,099)

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

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

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

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

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

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

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

In accordance with GASB 68 and GASB 75, the 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 Center's financial position. At June 30, 2023, the Center's liabilities plus deferred inflows of resources exceeded assets and deferred outflows by $7,449,573. Of this total, $765,832 is restricted in use.

Current and other assets increased primarily due to an increase in cash and investments due to the Center's operations. Capital assets decreased as depreciation/amortization expense exceeded acquisitions. Current liabilities increased primarily due to an increase in contracts payable related to the vet lab project.

Deferred outflows related to pension increased primarily due to changes in assumptions. See Note 15 for more detail.

Total assets include a net OPEB asset reported by STRS. See Note 16 for more detail.

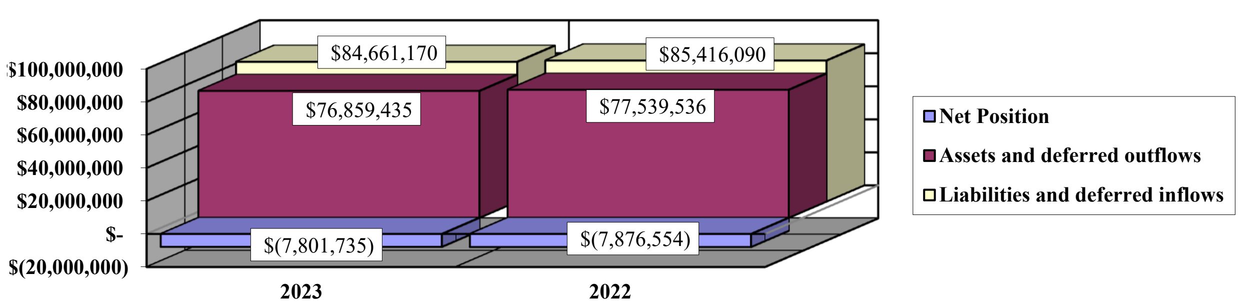
Long-term liabilities increased primarily due to an increase in the net pension liability. This liability is outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to District employees, not the District.

The net pension liability increased $6,523,194 or 61.98% and deferred inflows of resources related to pension decreased $6,810,995 or 73.38%. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Primarily, net investment income on investments at both pension systems were negative for the fiscal year 2022 measurement date that are used for the fiscal year 2023 reporting. This caused a large decrease in their respective fiduciary net positions which was a drastic change from the previous fiscal year's large positive investment returns.

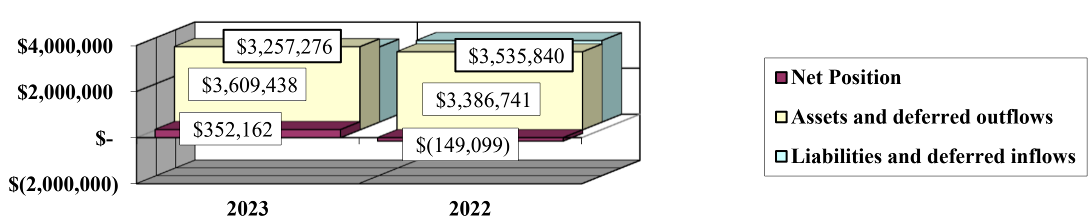
At year-end, capital assets represented 58.92% of total assets. Capital assets include land, buildings and improvements, furniture and equipment, vehicles, construction in progress, and intangible right to use assets. The net investment in capital assets at June 30, 2023, was a deficit of $656,929. These capital assets are used to provide services to the students and are not available for future spending. Although the 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 Center's net position, $765,832, 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 $7,558,476. Of the unrestricted net position, a deficit of $6,886,521 is reported in the governmental activities and a deficit of $671,955 is reported in the business type activities. The graphs below show the assets, liabilities plus deferred inflows and net position of the governmental activities and business-type activities at June 30, 2023 and 2022.

Governmental – Net Position



Business-Type – Net Position



The table below shows the change in net position for fiscal years 2023 and 2022.

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services and sales	$ 64,280	$ 50,310	$ 2,876,871	$ 2,493,008	$ 2,941,151	$ 2,543,318
Operating grants and contributions	2,942,240	3,385,348	474,883	471,313	3,417,123	3,856,661
Capital grants and contributions	50,000	-	-	-	50,000	-
General revenues:						
Property taxes	14,469,544	14,107,209	-	-	14,469,544	14,107,209
Payments in lieu of taxes	198,542	254,339	-	-	198,542	254,339
Grants and entitlements	3,842,588	3,126,174	-	-	3,842,588	3,126,174
Investment earnings	291,089	(164,477)	-	-	291,089	(164,477)
Other	62,662	52,047	1,200	-	63,862	52,047
Total revenues	21,920,945	20,810,950	3,352,954	2,964,321	25,273,899	23,775,271
Expenses						
Program expenses:						
Instruction:						
Regular	184,796	482,654	-	-	184,796	482,654
Vocational	8,417,492	7,149,755	-	-	8,417,492	7,149,755
Adult/continuing	204,017	219,676	-	-	204,017	219,676
Support services:						
Pupil	2,444,289	1,010,963	-	-	2,444,289	1,010,963
Instructional staff	2,410,153	2,423,458	-	-	2,410,153	2,423,458
Board of education	460,864	182,077	-	-	460,864	182,077
Administration	1,337,365	1,170,176	-	-	1,337,365	1,170,176
Fiscal	1,039,080	850,637	-	-	1,039,080	850,637
Business	349	349	-	-	349	349
Operations and maintenance	1,944,356	1,544,894	-	-	1,944,356	1,544,894
Pupil transportation	64,972	45,188	-	-	64,972	45,188
Central	791,239	571,995	-	-	791,239	571,995
Operation of non-instructional services	445,442	276,850	-	-	445,442	276,850
Extracurricular activities	122,522	104,286	-	-	122,522	104,286
Interest and fiscal charges	1,979,190	2,014,746	-	-	1,979,190	2,014,746
Uniform school supplies	-	-	50,616	45,106	50,616	45,106
Customer services	-	-	514,933	302,951	514,933	302,951
Adult and community education	-	-	2,286,144	2,033,347	2,286,144	2,033,347
Total expenses	21,846,126	18,047,704	2,851,693	2,381,404	24,697,819	20,429,108
Changes in net position	74,819	2,763,246	501,261	582,917	576,080	3,346,163
Net position (deficit) at beginning of year	(7,876,554)	(10,639,800)	(149,099)	(732,016)	(8,025,653)	(11,371,816)
Net position (deficit) at end of year	$ (7,801,735)	$ (7,876,554)	$ 352,162	$ (149,099)	$ (7,449,573)	$ (8,025,653)

Governmental Activities

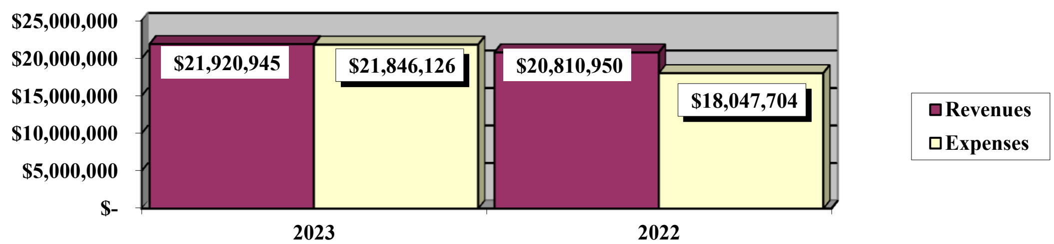
For fiscal year 2023, the net position of the Center's governmental activities increased $74,819. Total governmental expenses of $21,846,126 were offset by program revenues of $3,056,520 and general revenues of $18,864,425. Program revenues supported 13.99% of the total governmental expenses.

General revenues increased $1,489,133. Property tax revenue increased due to increased collections during the year. Grants and entitlements increased due to the Center receiving more monies from the State of Ohio in the form of foundation payments. Interest earnings increased due to increases in interest rates.

Overall, expenses of the governmental activities increased $3,798,422 or 21.05%. This increase is primarily the result of an increase in pension expense. Pension expense increase approximately $1,568,941. This increase was the result of an increase in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to a decrease in net investment income on investments compared to previous years. Additionally, expenses increased due to rising inflation on goods and services purchased by the Center.

The graph below presents the Center's governmental activities revenue and expenses for fiscal year 2023 and 2022.

Governmental Activities - Revenues and Expenses



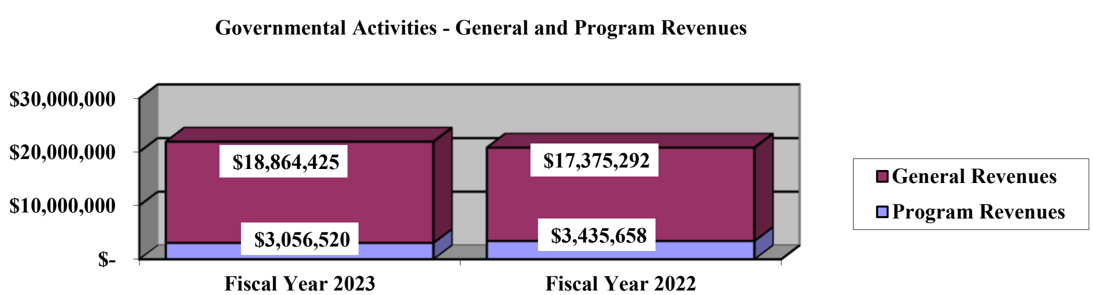
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2023 and 2022. It identifies the cost of these services supported by tax and unrestricted State grant revenues. As stated above, fluctuations in the pension and OPEB expense makes it difficult to compare financial information between years. Pension and OPEB expense are components of program expenses reported on the statement of activities.

Governmental Activities

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Program expenses:				
Instruction:				
Regular	$ 184,796	$ 28,485	$ 482,654	$ (34,485)
Vocational	8,417,492	6,680,961	7,149,755	5,597,390
Adult/continuing	204,017	10,561	219,676	(6,106)
Support services:				
Pupil	2,444,289	1,793,208	1,010,963	687,222
Instructional staff	2,410,153	2,177,065	2,423,458	1,648,883
Board of education	460,864	460,864	182,077	182,077
Administration	1,337,365	1,337,365	1,170,176	1,170,176
Fiscal	1,039,080	1,039,080	850,637	850,637
Business	349	349	349	349
Operations and maintenance	1,944,356	1,900,909	1,544,894	1,530,509
Pupil transportation	64,972	64,972	45,188	45,188
Central	791,239	791,239	571,995	571,995
Operation of non-instructional services	445,442	445,442	276,850	276,850
Extracurricular activities	122,522	79,916	104,286	76,615
Interest and fiscal charges	1,979,190	1,979,190	2,014,746	2,014,746
Total expenses	$ 21,846,126	$ 18,789,606	$ 18,047,704	$ 14,612,046

The dependence upon tax revenues during fiscal year 2023 for governmental activities is apparent, as 76.31% of 2023 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 86.01%. The Center's taxpayers and unrestricted grants and entitlements from the State of Ohio, are the primary support for Center students.

The graph below presents the Center's governmental activities revenue for fiscal years 2023 and 2022.



Business-type Activities

Business-type activities include adult and community education, uniform school supplies and customer services operations. These programs had revenues of $3,352,954 and expenses of $2,851,693 in fiscal year 2023. Management reviews these programs to develop policies to allow these services to become self-supporting.

The Center's largest business-type activity is adult and community education operations. These operations had $2,354,170 in charges for services and sales, $474,883 in operating grants and contributions, and had total expenses of $2,286,144. Adult and community education revenues were sufficient to support expenses by $542,909. In addition, the adult and community education operations fund had $1,200 in miscellaneous revenues. The increase in net position is related to the decrease in pension expense described earlier.

The Center's Funds

Governmental Funds

The Center's governmental funds reported a combined fund balance of $12,263,192, which is less than last year's fund total of $12,608,501.

The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2023 and 2022.

	Fund Balance June 30, 2023	Fund Balance June 30, 2022	Change
General	$ 9,998,580	$ 10,077,530	$ (78,950)
Permanent improvement	2,102,186	2,275,527	(173,341)
Other governmental	162,426	255,444	(93,018)
Total	$ 12,263,192	$ 12,608,501	$ (345,309)

General Fund

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2023 Amount	2022 Amount	Increase (Decrease)	Percentage Change
Revenues				
Property taxes and payment in lieu of taxes	$ 11,348,005	$ 11,055,789	$ 292,216	2.64 %
Intergovernmental	5,572,912	4,624,330	948,582	20.51 %
Investment earnings	271,315	(173,422)	444,737	256.45 %
Tuition and fees	21,674	22,639	(965)	(4.26) %
Other revenues	56,299	44,582	11,717	26.28 %
Total	$ 17,270,205	$ 15,573,918	$ 1,696,287	10.89 %

Property tax revenue increased due to increased collections during the fiscal year. Intergovernmental revenues increased as the Center received more funding from the State of Ohio through Foundation payments. Investment earnings increased due to increased interest rates. All other revenues remained comparable to the prior fiscal year or changed an insignificant amount.

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

	2023 Amount	2022 Amount	Increase (Decrease)	Percentage Change
Expenditures				
Instruction	$ 7,142,020	$ 6,558,045	$ 583,975	8.90 %
Support services	9,438,345	7,923,199	1,515,146	19.12 %
Operation of non-instructional services	395,571	321,708	73,863	22.96 %
Extracurricular activities	88,495	64,766	23,729	36.64 %
Facilities acquisition and construction	91,600	-	91,600	100.00 %
Debt service	27,637	24,479	3,158	12.90 %
Total	$ 17,183,668	$ 14,892,197	$ 2,291,471	15.39 %

Overall expenditures of the general fund increased 15.39%. Instruction expenditures increased 8.90% due to increased vocational instruction expenditures due to normal wage and benefit increases. Support services expenditures increased 19.12% mainly due to increases in pupil and instructional staff support services. All other expenditures remained comparable to the prior fiscal year or changed an insignificant amount.

Permanent Improvement Fund

The permanent improvement fund had $3,621,428 in revenues and other financing sources and $3,794,769 in expenditures. During fiscal year 2023, the permanent improvement fund's fund balance decreased $173,341 from a balance of $2,275,527 to $2,102,186.

Nonmajor Governmental Funds

The nonmajor governmental funds had $1,472,475 in revenues and $1,565,493 in expenditures. During fiscal 2023, the nonmajor governmental fund's fund balance decreased $93,018 from a balance of $255,444 to $162,426.

Enterprise Funds

The Center's enterprise funds reported operating revenues of $2,878,071, operating expenses of $2,851,693, and nonoperating revenues of $474,883. Net position of the enterprise funds increased $501,261 from a deficit of $149,099 to $352,162. The adult and community education fund reported an operating income of $69,226 and an increase in change in net position of $544,109 due to receiving state and federal grants (nonoperating revenue).

The uniform school supplies fund (a nonmajor enterprise fund) reported both an operating loss and a decrease in change in net position of $8,686. The customer services fund (a nonmajor enterprise fund) reported both an operating loss and a decrease in change in net position of $34,162.

General Fund Budgeting Highlights

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

For the General Fund, the original and final budgeted revenue were $16,511,000 and $17,411,000, respectively. Actual revenue and other financing sources were $17,242,108. The difference between the final budgeted revenues and the actual revenues and other financing sources was $168,892.

Total actual expenditures on the budget basis (cash outlays plus encumbrances) were $17,849,472. This amount was $99,767 more than the final budgeted amounts due mainly to support services and facilities acquisition and construction expenses being more than expected. The final budgeted expenditures and other financing uses were increased from the original budgeted amounts. Overall, fund balance on the budget basis decreased $607,364 from the prior year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023, the Center had $44,770,329 invested in land, buildings and improvements, furniture and equipment, vehicles, construction in progress, and intangible right to use assets. Of this total, $43,747,456 was reported in governmental activities and $1,022,873 was reported in business-type activities.

The following table shows fiscal year 2023 balances compared to 2022.

Capital Assets at June 30 (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	$ 261,490	$ 261,490	$ -	$ -	$ 261,490	$ 261,490
Construction in progress	527,840	-	-	-	527,840	-
Buildings and improvements	39,419,338	40,847,504	1,000,000	1,040,000	40,419,338	41,887,504
Furniture and equipment	3,160,360	3,335,017	22,873	25,415	3,183,233	3,360,432
Vehicles	218,693	256,813	-	-	218,693	256,813
Intangible right to use:						
SBITAs	120,583	-	-	-	120,583	-
Leased equipment	39,152	61,525	-	-	39,152	61,525
Total	$ 43,747,456	$ 44,762,349	$ 1,022,873	$ 1,065,415	$ 44,770,329	$ 45,827,764

Overall capital assets, net of accumulated depreciation, decreased $1,057,435 from fiscal year 2022 due to the Center's depreciation/amortization expense of $1,943,305 exceeding capital outlays of $885,870. See Note 7 to the basic financial statements for more detail on the Center's capital assets.

Debt Administration

At June 30, 2023, the Center has $45,172,746 in long-term debt obligations outstanding. Of this total, $1,070,689 is due within one year and $44,102,057 is due in greater than one year. The following table summarizes outstanding long-term debt:

Outstanding Debt, at Year End

Long Term Debt:	Governmental Activities 2023	Governmental Activities 2022
Lease payable	$ 40,938	$ 62,775
SBITA payable	11,808	-
Certificates of participation	45,120,000	46,120,000
Total	$ 45,172,746	$ 46,182,775

See Note 8 to the basic financial statements for more detail on the Center's long-term obligations.

Center Outlook

The biggest source of revenue for the Center are the local property taxes. Recent growth in property values due to reappraisal have driven the effective millage rate to the 2-mil floor and will begin to show minor growth over the next 5 years.

The Center continues to be fiscally responsible and changes in expenditures have been aggressively managed over the past 10 years to ensure that we continue to avoid deficit spending.

Contacting the Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have any questions about this report or need additional information contact: Mike Robinson, Treasurer, Polaris Career Center, 7285 Old Oak Boulevard, Middleburg Heights, Ohio 44130 or email at mrobinso@polaris.edu.

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POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	$ 12,729,076	$ 1,851,490	$ 14,580,566
Receivables:			
Property taxes	14,817,260	-	14,817,260
Payment in lieu of taxes	213,422	-	213,422
Accounts	-	42,420	42,420
Accrued interest	35,303	-	35,303
Intergovernmental	11,354	-	11,354
Prepayments	71,070	-	71,070
Materials and supplies inventory	34,035	-	34,035
Inventory held for resale	-	1,175	1,175
Net OPEB asset	1,279,400	123,087	1,402,487
Capital assets:			
Nondepreciable capital assets	789,330	-	789,330
Depreciable capital assets, net	42,958,126	1,022,873	43,980,999
Capital assets, net	43,747,456	1,022,873	44,770,329
Total assets	72,938,376	3,041,045	75,979,421
Deferred outflows of resources:			
Pension	3,599,600	507,756	4,107,356
OPEB	321,459	60,637	382,096
Total deferred outflows of resources	3,921,059	568,393	4,489,452
Liabilities:			
Accounts payable	64,394	11,611	76,005
Contracts payable	254,512	-	254,512
Accrued wages and benefits payable	1,261,461	112,516	1,373,977
Intergovernmental payable	248,807	21,667	270,474
Accrued interest payable	345,435	-	345,435
Long-term liabilities:			
Due within one year	1,476,371	44,421	1,520,792
Due in more than one year:			
Net pension liability	15,154,747	1,892,549	17,047,296
Net OPEB liability	1,004,964	201,394	1,206,358
Other amounts due in more than one year	47,364,646	35,788	47,400,434
Total liabilities	67,175,337	2,319,946	69,495,283
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	12,951,250	-	12,951,250
Payment in lieu of taxes levied for the next fiscal year	213,422	-	213,422
Pension	1,972,462	498,157	2,470,619
OPEB	2,348,699	439,173	2,787,872
Total deferred inflows of resources	17,485,833	937,330	18,423,163
Net position:			
Net investment in capital assets	(1,679,802)	1,022,873	(656,929)
Restricted for:			
Capital projects	254,512	-	254,512
OPEB	315,369	1,244	316,613
State funded programs	2,818	-	2,818
Student activities	36,176	-	36,176
Other purposes	155,713	-	155,713
Unrestricted (deficit)	(6,886,521)	(671,955)	(7,558,476)
Total net position (deficit)	$ (7,801,735)	$ 352,162	$ (7,449,573)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction:				
Regular	$ 184,796	$ -	$ 156,311	$ -
Vocational	8,417,492	21,674	1,714,857	-
Adult/continuing	204,017	-	187,933	5,523
Support services:				
Pupil	2,444,289	-	651,081	-
Instructional staff	2,410,153	-	205,632	27,456
Board of education	460,864	-	-	-
Administration	1,337,365	-	-	-
Fiscal	1,039,080	-	-	-
Business	349	-	-	-
Operations and maintenance	1,944,356	-	26,426	17,021
Pupil transportation	64,972	-	-	-
Central	791,239	-	-	-
Operation of non-instructional services:				
Other non-instructional services	445,442	-	-	-
Extracurricular activities	122,522	42,606	-	-
Interest and fiscal charges	1,979,190	-	-	-
Total governmental activities	21,846,126	64,280	2,942,240	50,000
Business-type activities:				
Uniform school supplies	50,616	41,930	-	-
Customer services	514,933	480,771	-	-
Adult education	2,286,144	2,354,170	474,883	-
Total business-type activities	2,851,693	2,876,871	474,883	-
Totals	$ 24,697,819	$ 2,941,151	$ 3,417,123	$ 50,000

General revenues:
Property taxes levied for:
General purposes
Capital outlay
Payments in lieu of taxes
Grants and entitlements not restricted to specific programs
Investment earnings
(Decrease) in fair value of investments
Miscellaneous
Total general revenues

Change in net position

Net position (deficit) at beginning of year

Net position (deficit) at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (28,485)	$ -	$ (28,485)
(6,680,961)	-	(6,680,961)
(10,561)	-	(10,561)
(1,793,208)	-	(1,793,208)
(2,177,065)	-	(2,177,065)
(460,864)	-	(460,864)
(1,337,365)	-	(1,337,365)
(1,039,080)	-	(1,039,080)
(349)	-	(349)
(1,900,909)	-	(1,900,909)
(64,972)	-	(64,972)
(791,239)	-	(791,239)
(445,442)	-	(445,442)
(79,916)	-	(79,916)
(1,979,190)	-	(1,979,190)
(18,789,606)	-	(18,789,606)
-	(8,686)	(8,686)
-	(34,162)	(34,162)
-	542,909	542,909
-	500,061	500,061
(18,789,606)	500,061	(18,289,545)
11,121,464	-	11,121,464
3,348,080	-	3,348,080
198,542	-	198,542
3,842,588	-	3,842,588
320,178	-	320,178
(29,089)	-	(29,089)
62,662	1,200	63,862
18,864,425	1,200	18,865,625
74,819	501,261	576,080
(7,876,554)	(149,099)	(8,025,653)
$ (7,801,735)	$ 352,162	$ (7,449,573)

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash				
and investments	$ 10,427,727	$ 2,063,460	$ 191,089	$ 12,682,276
Receivables:				
Property taxes	11,383,648	3,433,612	-	14,817,260
Payment in lieu of taxes	213,422	-	-	213,422
Accrued interest	35,303	-	-	35,303
Interfund loans	5,192	-	-	5,192
Intergovernmental	254	-	11,100	11,354
Prepayments	60,448	-	-	60,448
Materials and supplies inventory	34,035	-	-	34,035
Total assets	$ 22,160,029	$ 5,497,072	$ 202,189	$ 27,859,290
Liabilities:				
Accounts payable	$ 58,939	$ -	$ 5,455	$ 64,394
Contracts payable	-	254,512	-	254,512
Accrued wages and benefits payable	1,235,758	-	25,703	1,261,461
Intergovernmental payable	245,394	-	3,413	248,807
Interfund loans payable	-	-	5,192	5,192
Total liabilities	1,540,091	254,512	39,763	1,834,366
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	9,949,232	3,002,018	-	12,951,250
Payment in lieu of taxes levied for the next fiscal year	213,422	-	-	213,422
Delinquent property tax revenue not available	458,700	138,356	-	597,056
Intergovernmental revenue not available	4	-	-	4
Total deferred inflows of resources	10,621,358	3,140,374	-	13,761,732
Fund balances:				
Nonspendable:				
Materials and supplies inventory	34,035	-	-	34,035
Prepaids	60,448	-	-	60,448
Unclaimed funds	6,777	-	-	6,777
Restricted:				
Capital improvements	-	1,379,005	-	1,379,005
State funded programs	-	-	2,818	2,818
Extracurricular	-	-	36,176	36,176
Other purposes	-	-	148,936	148,936
Committed:				
Termination benefits	191,529	-	-	191,529
Assigned:				
Student instruction	40,924	-	-	40,924
Student and staff support	398,854	-	-	398,854
Extracurricular activities	6,540	-	-	6,540
Subsequent year's appropriations	1,782,364	-	-	1,782,364
Operation of non instructional	25,118	-	-	25,118
Capital improvements	-	723,181	-	723,181
Unassigned (deficit)	7,451,991	-	(25,504)	7,426,487
Total fund balances	9,998,580	2,102,186	162,426	12,263,192
Total liabilities, deferred inflows and fund balances	$ 22,160,029	$ 5,497,072	$ 202,189	$ 27,859,290

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

Total governmental fund balances		$ 12,263,192
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		43,747,456
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds		
Property taxes receivable	$ 597,056	
Intergovernmental receivable	4	
Total		597,060
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		57,422
Unamortized premiums on bonds issued are not recognized in the funds.		(2,461,111)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds		(345,435)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds		
Deferred outflows - pension	3,599,600	
Deferred inflows - pension	(1,972,462)	
Net pension liability	(15,154,747)	
Deferred outflows - OPEB	321,459	
Deferred inflows - OPEB	(2,348,699)	
Net OPEB asset	1,279,400	
Net OPEB liability	(1,004,964)	
Total		(15,280,413)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
SBITA payable	(11,808)	
Lease payable	(40,938)	
Compensated absences	(1,207,160)	
Certificates of participation	(45,120,000)	
Total		(46,379,906)
Net position of governmental activities		$ (7,801,735)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	$ 11,149,463	$ 3,355,712	$ -	$ 14,505,175
Intergovernmental	5,572,912	58,945	1,398,533	7,030,390
Investment earnings	300,404	19,774	-	320,178
Tuition and fees	21,674	-	-	21,674
Extracurricular	-	-	42,606	42,606
Contributions and donations	-	-	31,336	31,336
Payment in lieu of taxes	198,542	-	-	198,542
Miscellaneous	56,299	6,363	-	62,662
(Decrease) in fair value of investments	(29,089)	-	-	(29,089)
Total revenues	17,270,205	3,440,794	1,472,475	22,183,474
Expenditures:				
Current:				
Instruction:				
Regular	450	-	182,409	182,859
Vocational	7,138,387	-	-	7,138,387
Adult/continuing	3,183	-	209,132	212,315
Support services:				
Pupil	1,683,149	-	805,849	2,488,998
Instructional staff	2,350,850	-	281,840	2,632,690
Board of education	468,099	-	-	468,099
Administration	1,367,648	-	-	1,367,648
Fiscal	960,477	47,024	-	1,007,501
Business	349	-	-	349
Operations and maintenance	1,748,058	83,417	51,430	1,882,905
Pupil transportation	32,274	-	-	32,274
Central	827,441	-	-	827,441
Operation of non-instructional services:				
Other non-instructional services	395,571	-	-	395,571
Extracurricular activities	88,495	-	34,833	123,328
Facilities acquisition and construction	91,600	575,890	-	667,490
Debt service:				
Principal retirement	25,176	1,000,000	-	1,025,176
Interest and fiscal charges	2,461	2,088,438	-	2,090,899
Total expenditures	17,183,668	3,794,769	1,565,493	22,543,930
Excess of revenues over (under) expenditures	86,537	(353,975)	(93,018)	(360,456)
Other financing sources (uses):				
Transfers in	-	180,634	-	180,634
Transfers (out)	(180,634)	-	-	(180,634)
SBITA transaction	15,147	-	-	15,147
Total other financing sources (uses)	(165,487)	180,634	-	15,147
Net change in fund balances	(78,950)	(173,341)	(93,018)	(345,309)
Fund balances at beginning of year	10,077,530	2,275,527	255,444	12,608,501
Fund balances at end of year	$ 9,998,580	$ 2,102,186	$ 162,426	$ 12,263,192

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

POLARIS CAREER CENTER
CUYAHOGA 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, 2023

Net change in fund balances - total governmental funds		$ (345,309)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	$ 885,870	
Current year depreciation/amortization	(1,900,763)	
Total		(1,014,893)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(35,631)	
Intergovernmental	(226,898)	
Total		(262,529)
Repayment of bond, lease, and SBITA principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		1,025,176
Issuance of SBITAs are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		(15,147)
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 additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	6,233	
Amortization of bond premiums	105,476	
Total		111,709
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,465,997	
OPEB	11,245	
Total		1,477,242
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,209,196)	
OPEB	337,328	
Total		(871,868)
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.		(51,564)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities		22,002
Change in net position of governmental activities		$ 74,819

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Property taxes	$ 11,379,725	$ 11,959,384	$ 11,098,654	$ (860,730)
Intergovernmental	4,709,768	5,001,097	5,572,663	571,566
Investment earnings	84,801	99,377	279,102	179,725
Tuition and fees	20,761	21,893	21,674	(219)
Payment in lieu of taxes	6,972	17,341	198,542	181,201
Miscellaneous	308,973	311,908	56,193	(255,715)
Total revenues	16,511,000	17,411,000	17,226,828	(184,172)
Expenditures:				
Current:				
Instruction:				
Regular	5	300	450	(150)
Vocational	7,224,543	7,232,205	7,244,397	(12,192)
Adult/continuing	8,034	8,000	3,183	4,817
Support services:				
Pupil	1,274,434	1,603,575	1,640,272	(36,697)
Instructional staff	2,170,150	2,410,469	2,501,859	(91,390)
Board of education	267,139	488,066	570,157	(82,091)
Administration	1,496,059	1,485,304	1,361,938	123,366
Fiscal	931,807	934,439	972,547	(38,108)
Business	504	500	349	151
Operations and maintenance	1,827,704	1,970,053	1,920,926	49,127
Pupil transportation	34,479	55,442	44,492	10,950
Central	593,346	604,227	603,848	379
Operation of non-instructional services				
Other non-instructional services	419,130	467,353	435,590	31,763
Extracurricular activities	84,048	104,772	97,377	7,395
Facilities acquisition and construction	823	-	76,453	(76,453)
Total expenditures	16,332,205	17,364,705	17,473,838	(109,133)
Excess (deficiency) of revenues over (under) expenditures	178,795	46,295	(247,010)	(293,305)
Other financing (uses):				
Refund of prior year's expenditures	-	-	15,280	15,280
Transfers (out)	(360,000)	(360,000)	(375,634)	(15,634)
Advances (out)	(25,000)	(25,000)	-	25,000
Miscellaneous use of funds	(125,000)	7,500	-	(7,500)
Total other financing (uses)	(510,000)	(377,500)	(360,354)	17,146
Net change in fund balance	(331,205)	(331,205)	(607,364)	(276,159)
Fund balance at beginning of year	10,061,309	10,061,309	10,061,309	-
Prior year encumbrances appropriated	342,205	342,205	342,205	-
Fund balance at end of year	$ 10,072,309	$ 10,072,309	$ 9,796,150	$ (276,159)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Adult and Community Education	Nonmajor Enterprise Funds	Total Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
Assets:				
Current assets:				
Equity in pooled cash and investments	$ 1,676,999	$ 174,491	$ 1,851,490	$ 46,800
Receivables:				
Accounts	42,420	-	42,420	-
Prepayments	-	-	-	10,622
Inventory held for resale	-	1,175	1,175	-
Total current assets	1,719,419	175,666	1,895,085	57,422
Noncurrent assets:				
Net OPEB asset	116,960	6,127	123,087	-
Depreciable capital assets, net	1,022,873	-	1,022,873	-
Total noncurrent assets	1,139,833	6,127	1,145,960	-
Total assets	2,859,252	181,793	3,041,045	57,422
Deferred outflows of resources:				
Pension	449,211	58,545	507,756	-
OPEB	53,703	6,934	60,637	-
Total deferred outflows of resources	502,914	65,479	568,393	-
Liabilities:				
Current liabilities:				
Accounts payable	9,130	2,481	11,611	-
Accrued wages and benefits	110,911	1,605	112,516	-
Compensated absences	44,421	-	44,421	-
Intergovernmental payable	21,644	23	21,667	-
Total current liabilities	186,106	4,109	190,215	-
Long-term liabilities:				
Compensated absences payable	35,788	-	35,788	-
Net pension liability	1,826,008	66,541	1,892,549	-
Net OPEB liability	198,035	3,359	201,394	-
Total long-term liabilities	2,059,831	69,900	2,129,731	-
Total liabilities	2,245,937	74,009	2,319,946	-
Deferred inflows of resources:				
Pension	492,639	5,518	498,157	-
OPEB	428,319	10,854	439,173	-
Total deferred inflows of resources	920,958	16,372	937,330	-
Net position:				
Investment in capital assets	1,022,873	-	1,022,873	-
OPEB	-	1,244	1,244	-
Unrestricted (deficit)	(827,602)	155,647	(671,955)	57,422
Total net position (deficit)	$ 195,271	$ 156,891	$ 352,162	$ 57,422

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Adult and Community Education	Nonmajor Enterprise Funds	Total Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
Operating revenues:				
Tuition and fees	$ 2,354,170	$ -	$ 2,354,170	$ -
Charges for services	-	522,701	522,701	46,441
Other	1,200	-	1,200	-
Total operating revenues	2,355,370	522,701	2,878,071	46,441
Operating expenses:				
Personal services	1,525,606	59,897	1,585,503	21,689
Purchased services	351,813	31,146	382,959	2,750
Materials and supplies	364,797	469,422	834,219	-
Other	1,386	5,084	6,470	-
Depreciation	42,542	-	42,542	-
Total operating expenses	2,286,144	565,549	2,851,693	24,439
Operating income (loss)	69,226	(42,848)	26,378	22,002
Nonoperating revenues:				
Federal and State subsidies	474,883	-	474,883	-
Change in net position	544,109	(42,848)	501,261	22,002
Net position (deficit) at beginning of year	(348,838)	199,739	(149,099)	35,420
Net position at end of year	$ 195,271	$ 156,891	$ 352,162	$ 57,422

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Adult and Community Education	Nonmajor Enterprise Funds	Total Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	$ 2,343,042	$ 522,701	$ 2,865,743	$ -
Cash received from sales/charges for services	-	-	-	46,441
Cash received from other operations	1,200	-	1,200	-
Cash payments for personal services	(1,834,692)	(46,905)	(1,881,597)	(21,244)
Cash payments for purchased services	(347,514)	(31,146)	(378,660)	(2,750)
Cash payments for materials and supplies	(362,014)	(467,501)	(829,515)	-
Cash payments for other expenses	(1,386)	(5,084)	(6,470)	-
Net cash provided by (used in) operating activities	(201,364)	(27,935)	(229,299)	22,447
Cash flows from noncapital financing activities:				
Cash received from federal and state subsidies	474,883	-	474,883	-
Net cash provided by noncapital financing activities	474,883	-	474,883	-
Net increase (decrease) in cash and cash equivalents	273,519	(27,935)	245,584	22,447
Cash and cash equivalents at beginning of year	1,403,480	202,426	1,605,906	24,353
Cash and cash equivalents at end of year	$ 1,676,999	$ 174,491	$ 1,851,490	$ 46,800
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 69,226	$ (42,848)	$ 26,378	$ 22,002
Adjustments:				
Depreciation	42,542	-	42,542	-
Changes in assets and liabilities:				
(Increase) in accounts receivable	(11,128)	-	(11,128)	-
Decrease in prepayments	-	-	-	445
Decrease in inventory held for resale	-	225	225	-
Increase in accounts payable	7,082	1,696	8,778	-
Increase in accrued wages and benefits	11,372	1,605	12,977	-
(Increase) decrease in net OPEB asset	10,790	(4,199)	6,591	-
Increase in net pension liability	517,103	54,312	571,415	-
Increase (decrease) in net OPEB liability	(57,293)	3,102	(54,191)	-
(Increase) decrease in deferred outflows - pensions	21,396	(36,754)	(15,358)	-
(Increase) decrease in deferred outflows - OPEB	6,105	(6,090)	15	-
(Decrease) in deferred inflows - pensions	(782,362)	(4,922)	(787,284)	-
Increase (decrease) in deferred inflows - OPEB	(34,928)	5,915	(29,013)	-
Increase in due to other governments	805	23	828	-
(Decrease) in compensated absences payable	(2,074)	-	(2,074)	-
Net cash provided by (used in) operating activities	$ (201,364)	$ (27,935)	$ (229,299)	$ 22,447

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 - DESCRIPTION OF THE CAREER CENTER

The Polaris Career Center (the "Center") 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 Center is a joint vocational Center as defined by Section 3311.18 of the Ohio Revised Code. The Center operates under a Board of Education consisting of seven members which is comprised of one board member from each of the elected boards of the participating districts. Members serve a two-year term except for one rotating member picked by the member districts to serve a one-year term. Berea City School District, Brooklyn City School District, Fairview Park City School District, North Olmsted City School District, Olmsted Falls City School District, and Strongsville City School District are the member districts. The Center employs 11 administrative and supervisory personnel, 53 certified employees and 49 non-certificated employees who provide services to 4,343 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Center have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The 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 Center. For the Center, this includes general operations, food service, and student related activities of the Center.

Component units are legally separate organizations for which the Center is financially accountable. The Center is financially accountable for an organization if the Center appoints a voting majority of the organization's Governing Board and (1) the Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Center is legally entitled to or can otherwise access the organization's resources; or (3) the 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 Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Center in that the Center approves the budget, the issuance of debt or the levying of taxes. 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 Center has no component units. The basic financial statements of the reporting entity include only those of the Center (the primary government).

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

The following organizations are described due to their relationship to the Center.

JOINTLY GOVERNED ORGANIZATIONS

Connect

Connect, formerly known as the North Coast Council, is a jointly governed organization serving twenty-four school districts and two educational service centers. Connect was organized pursuant to Ohio Revised Code Chapter 167 as a regional council of governments for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among the member districts. Connect operates as an information technology center pursuant to ORC 3301.075. Each of the governments of these schools supports Connect based on a per pupil charge dependent upon the software packages used. The Center contributed $21,414 to Connect during fiscal year 2023. Connect is governed by a four-member Board of Directors consisting of the Superintendent of the Educational Service Center of Cuyahoga County, the Superintendent of the Educational Service Center of Lorain County, the Superintendent of the Educational Service Center of Medina County, and the Executive Director of the Ohio Schools Council. Financial information can be obtained by contacting the Treasurer at the Cuyahoga County Educational Service Center, who serves as fiscal agent, at 5700 West Canal Road, Valley View, Ohio 44125.

Ohio Schools Council Association

The Ohio Schools' Council Association (Council) is a jointly governed organization among 247 school districts, educational service centers, joint vocational districts, and Developmental Disabilities boards in 34 Ohio counties. The jointly governed organization was formed to bring quality products and services at the lowest possible cost to the member districts. The Council's Board consists of seven superintendents of the participating districts whose terms rotate every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2023, the Center paid $49,617 to the Council for annual membership, fees and services. Financial information can be obtained by contacting William J. Zelei, the Executive Director of the Ohio Schools' Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

The Center participates in the natural gas purchase program. This program allows the Center to purchase natural gas at reduced rates. Compass Energy has been selected as the supplier and program manager. There are currently 161 program members in the program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). School districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and school districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

PUBLIC ENTITY RISK POOLS

Suburban Health Consortium

The Suburban Health Consortium (the "Consortium") is a shared health risk pool created on October 1, 2001, formed by the Boards of Education of several school districts in northeast Ohio, for the purposes of maximizing benefits and/or reducing costs of group health, life, dental and/or other insurance coverages for their employees and the eligible dependents and designated beneficiaries of such employees. The Consortium was formed and operates as a legally separate entity under Ohio Revised Code Section 9.833. The Board of Directors shall be the governing body of the Consortium. The Board of Education of each Consortium Member shall appoint its Superintendent or such Superintendent's designee to be its representative of the Board of Directors. The officers of the Board of Directors shall consist of a Chairman, Vice-Chairman and Recording Secretary, who shall be elected at the annual meeting of Board of Directors and serve until the next annual meeting. All of the authority of the Consortium shall be exercised by or under the direction of the Board of Directors. The Board of Directors shall also set all premiums and other amounts to be paid by the Consortium Members, and the Board of Directors shall also have the authority to waive premiums and other payments. All members of the Board of Directors shall serve without compensation.

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

The Fiscal Agent shall be the Board of Education responsible for administering the financial transactions of the Consortium (Orange City School District). The Fiscal Agent shall carry out the responsibilities of the Consortium Fund, enter into contracts on behalf of the Consortium as authorized by the Directors and carry out such other responsibilities as approved by the Directors and agreed to by the Fiscal Agent. Each District Member enrolled in a benefit program may require contributions from its employees toward the cost of any benefit program being offered by such District Member, and such contributions shall be included in the payments from such District Member to the Fiscal Agent for such benefit program. Contributions are to be submitted by each District Member, to the Fiscal Agent, required under the terms of the Consortium Agreement and any benefit program in which such District Member is enrolled to the Fiscal Agent on a monthly basis, or as otherwise required in accordance with any benefit program in which such District Member is enrolled. All general administrative costs incurred by the Consortium that are not covered by the premium payments shall be shared equally by the Consortium Members as approved by the Directors, and shall be paid by each Consortium Member upon receipt of notice from the Fiscal Agent that such payment is due. It is the express intention of the Consortium Members that the Consortium Agreement and the Consortium shall continue for an indefinite term, but may be terminated as provided in the Consortium Agreement. Any Consortium Member wishing to withdraw from participation in the Consortium or any benefit program shall notify the Fiscal Agent at least one hundred eighty (180) days prior to the effective date of withdrawal.

Upon withdrawal of a Consortium Member, the Consortium shall pay the run out of all claims for such Consortium Member provided such Consortium Member has paid to the Consortium, prior to the effective date of withdrawal, a withdrawal fee in the amount equal to two months' premiums at the Consortium Member's current rate. Payment of the withdrawal fee does not extend insurance coverage for two months. Upon automatic withdrawal, for non-payment of premiums required by the Consortium Agreement, the Consortium shall pay the run out of all claims for such Consortium Member provided that the Consortium has received from such Consortium Member all outstanding and unpaid premiums and other amounts and the withdrawal fee equal to two months' premiums at the Consortium Member's current rates. Any Consortium Member which withdraws from the Consortium pursuant to the Consortium Agreement shall have no claim to the Consortium's assets. Financial information for the Consortium can be obtained from Mr. Todd Puster, Treasurer of the Orange City School District (the "Fiscal Agent") at 32000 Chagrin Blvd., Pepper Pike, Ohio 44124-5974.

Ohio School Boards Association Workers' Compensation Group Rating Program

The Center participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or designee, serves as coordinator of the program. Each year, the participating members pay an enrollment fee to the GRP to cover the costs of administering the program.

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

B. Fund Accounting

The 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance. The following is the Center's major governmental funds:

General Fund - The general fund is the general operating fund of the Center and is used to account for all financial resources except those required to be accounted for in another fund.

Permanent Improvement Fund - The permanent improvement fund accounts for levy collections and Certificates of Participation (COPs) proceeds used for the acquisition, construction, or improvement of capital facilities.

Nonmajor governmental funds of the Center are used to account for specific revenue sources that are restricted or committed to an expenditure for specified purposes.

PROPRIETARY FUNDS

Proprietary funds focus on the determination of operating income, changes in net position, financial position, and cash flows. The Center's proprietary funds are enterprise funds and an internal service fund. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following is the Center's major enterprise fund:

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

The nonmajor enterprise funds of the Center account for uniform school supplies and customer service operations.

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Center, or to other governments, on a cost-reimbursement basis. The internal service fund of the Center accounts for a workers' compensation self-insurance program.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. The Center does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Center does not have any custodial funds.

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

C. Basis of Presentation

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Center that are governmental and those that are considered business-type activities.

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

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

D. Measurement Focus

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

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the Center finances and meets the cash flow needs of its proprietary fund activities.

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

E. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either modified accrual for governmental funds or accrual basis for proprietary and fiduciary funds.

Revenues Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recognized in the accounting period when they become both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period of the Center is sixty days after year-end.

Non-exchange transactions, in which the 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 met. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes, payment in lieu of taxes, tuition, grants, and student fees.

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 represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 15 and 16 for deferred outflows of resources related to net pension liability/asset 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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. 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, 2023, but which were levied to finance fiscal year 2024 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. 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.

See Notes 15 and 16 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Expenditures/Expenses - On the accrual basis of accounting, expenses are recorded at the time they are incurred. The measurement focus of governmental fund accounting is on flow of current financial resources. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred except for principal and interest on general long-term debt, which is recorded when due.

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

F. Cash and Investments

To improve cash management, cash received by the Center is pooled. Individual fund integrity is maintained through the Center's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

During fiscal year 2023, the Center's investments included negotiable certificates of deposit (negotiable CDs), a U.S. Government money market mutual fund, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal Farm Credit Bank (FFCB) securities, commercial paper, and investments in the State Asset Treasury Reserve of Ohio (STAR Ohio). Except for investments in STAR Ohio, investments are reported at fair value which is based on quoted market prices.

During fiscal year 2023, the Center invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Center measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours notice in advance of all deposits and withdrawals exceeding $100 million is encouraged. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2023 amounted to $300,404, which includes $68,550 assigned from other Center funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the 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 Center's investment account at fiscal year-end is provided in Note 4.

G. Inventory

Within the basic financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used. Inventories consist of materials and supplies held for consumption.

H. Prepayments

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

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

I. Capital Assets and Depreciation

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Center maintains a capitalization threshold of $5,000. The Center does not possess any infrastructure. 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.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	50 years	N/A
Buildings and Improvements	15 - 30 Years	15 - 30 Years
Furniture and Equipment	5 - 25 Years	5 - 25 Years
Vehicles	5 - 15 Years	N/A
Intangible leased assets	5 Years	N/A
SBITAs	5 Years	N/A

The Center is reporting intangible right to use assets related to leased equipment and Subscription Based Information Technology Arrangements (SBITAs). The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease/subscription term or the useful life of the underlying asset.

J. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds.

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as interfund loan receivables and payables. These interfund balances between governmental funds are eliminated for reporting on the statement of net position.

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

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The Center records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Center has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the Center's termination policy. The Center records a liability for accumulated unused sick leave for employees that are age 52 or older with five or more years of current service with the Center.

The entire compensated absence liability is reported on the government-wide financial statements. On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence or employee resignations and retirements. These amounts are recorded as compensated absences payable in the fund from which the employee who has accumulated unpaid leave is paid.

M. Accrued Liabilities and Long-Term Obligations

All accrued liabilities and long-term debt are reported in the government-wide financial statements as well as the proprietary fund financial statements. For governmental fund financial statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims for judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. 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. Long-term certificates of participation are recognized as a liability on the fund financial statements.

N. 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 Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

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

O. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Center is bound to observe constraints imposed upon the use of the resources in 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 Center Board of Education (the highest level of decision-making authority). Those committed amounts cannot be used for any other purpose unless the 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 Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the Center Board of Education. In the general fund, assigned amounts represents intended uses established by the Center Board of Education or by State statute. The Center's Board of Education has authorized the Treasurer to assign fund balance for purchases on order, provided such amounts have been lawfully appropriated.

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 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.

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Center, these revenues are sales for uniform school supplies, customer services and adult and community education, and charges for services for the internal service fund. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as nonoperating.

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

Q. Budgetary Process

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

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

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

R. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental funds. Encumbrances outstanding at year end are reported as assigned in the general fund only, since they do not constitute expenditures or liabilities.

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

S. 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.

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Nether type of transaction occurred during fiscal year 2023.

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

U. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

V. Fair Value Measurements

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2023, the Center has implemented GASB Statement No. 91, "*Conduit Debt Obligations*", GASB Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*", GASB Statement No. 96, "*Subscription Based Information Technology Arrangements*", certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*".

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the Center.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the Center.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. These changes were incorporated in the Center's fiscal year 2023 financial statements.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the Center.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the Center.

B. Deficit Fund Balances

Fund balances at June 30, 2023 included the following individual fund deficits:

Nonmajor funds	Deficit
Vocational education	$ 25,503
Adult basic education	1

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 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 Center treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,

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

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

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

A. Cash on Hand

At June 30, 2023, the Center had $2,070 in undeposited cash on hand which is included on the financial statements as part of "equity in pooled cash and investments".

B. Deposits with Financial Institutions

At June 30, 2023, the carrying amount of all Center deposits was $665,969 and the bank balance of all Center deposits was $796,307. Of the bank balance, $500,000 was covered by the FDIC, $148,154 was covered by the Ohio Pooled Collateral System, and $148,153 was exposed to custodial credit risk discussed below because those deposits were uninsured and uncollateralized.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Center and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2023, the one of the Center's financial institutions was approved for a reduced collateral rate of 50 percent through the OPCS and one of the Center's financial institutions was approved for a collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Center to a successful claim by the FDIC.

C. Investments

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

		Investment Maturities				
Measurement/ Investment type	Measurement Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater Than 24 months
Fair Value:						
FHLB	$ 1,280,339	$ 294,266	$ 280,874	$ 375,205	$ -	$ 329,994
FHLMC	254,488	-	-	-	-	254,488
FFCB	429,962	-	193,410	-	236,552	-
Negotiable CDs	4,934,742	493,483	482,792	1,937,412	901,175	1,119,880
Commercial paper	2,225,907	1,267,182	958,725	-	-	-
U.S. Government Money Market Mutual Fund	188,609	188,609	-	-	-	-
Amortized Cost:						
STAR Ohio	4,598,480	4,598,480	-	-	-	-
Total	$ 13,912,527	$ 6,842,020	$ 1,915,801	$ 2,312,617	$ 1,137,727	$ 1,704,362

The weighted average maturity of investments is 0.84 years.

The Center's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The Center 's investments in federal agency securities (FHLB, FHLMC, and FFCB), commercial paper, and negotiable CD's are valued using quoted 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: State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Center, and that an investment must be purchased with the expectation that it will be held to maturity. The Center's investment policy also states that the Center will not invest in any eligible security maturing more than two years from the date of settlement if it bears interest at a variable rate.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAm money market rating. STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard service. The federal agency securities (FHLB, FHLMC, and FFCB) were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The commercial paper was rated A-1+ and A-1 by Standard & Poor's P-1 by Moody's Investor Services. The U.S. government money market mutual fund was rated AAAm by Standard & Poor's. The negotiable CDs were not rated but are fully covered by the FDIC. The Center's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the 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 federal agency securities (FHLB, FHLMC, and FFCB) and commercial paper are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the Center's name. The 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 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 Center at June 30, 2023:

Measurement/ Investment type	Measurement Value	% of Total
Fair Value:		
FHLB	$ 1,280,339	9.20
FHLMC	254,488	1.83
FFCB	429,962	3.09
Negotiable CDs	4,934,742	35.47
Commercial paper	2,225,907	16.00
U.S. Government Money Market Mutual Fund	188,609	1.36
Amortized Cost:		
STAR Ohio	4,598,480	33.05
Total	$ 13,912,527	100.00

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

The following is a reconciliation of cash and cash equivalents as reported in the note above to cash and cash equivalents as reported on the statement of net position as of June 30, 2023:

Cash and investments per note	
Carrying amount of deposits	$ 665,969
Investments	13,912,527
Cash on hand	2,070
Total	$ 14,580,566
Cash and investments per statement of net position	
Governmental activities	$ 12,729,076
Business-type activities	1,851,490
Total	$ 14,580,566

NOTE 5 - RECEIVABLES

Receivables at June 30, 2023 consisted of property taxes, payments in lieu of 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	Business-type activities
Property taxes	$ 14,817,260	$ -
Payments in lieu of taxes	213,422	-
Accounts	-	42,420
Accrued interest	35,303	-
Intergovernmental	11,354	-
Total	$ 15,077,339	$ 42,420

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year. At June 30, 2023 the Center's intergovernmental receivable consisted of $8,382 in the ASPIRE instructional grants, $2,718 in the Integrated English Literacy and Civics Education grants, and $254 in State of Ohio foundation adjustments.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2023 represent the collection of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed values as of January 1, 2022, 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 2023 represent the collection of calendar year 2022 taxes. Public utility real and personal property taxes received in calendar year 2023 became a lien on December 31, 2021, were levied after April 1, 2022, 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 Center receives property taxes from Cuyahoga and Lorain Counties. The County Fiscal Officer and County Auditor periodically advances to the Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2023 operations. The amount available as an advance at June 30, 2023 was $975,716 in the general fund and $293,238 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2022 was $924,906 in the general fund and $277,954 in the permanent improvement 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.

NOTE 6 - PROPERTY TAXES - (Continued)

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

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

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

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 5,811,338,220	96.55	$ 5,838,931,370	96.33
Public utility personal	207,529,900	3.45	222,350,490	3.67
Total	$ 6,018,868,120	100.00	$ 6,061,281,860	100.00
Tax rate per $1,000 of assessed valuation				
General fund	$ 2.40		$ 2.40	
Permanent improvement	0.69		0.69	

NOTE 7 - CAPITAL ASSETS

Due to the implementation of GASB Statement No. 96 (see Note 3.A for detail), the Center has reported capital assets for the right to use SBITA assets which are reflected in the schedule below. Capital asset activity for the governmental activities for the year ended June 30, 2023, was as follows:

	Balance 07/01/22	Additions	Deductions	Balance 06/30/23
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 261,490	$ -	$ -	$ 261,490
CIP	-	527,840	-	527,840
Total capital assets, not being depreciated/amortized	261,490	527,840	-	789,330
Capital assets, being depreciated/amortized:				
Buildings and improvements	58,552,966	141,625	-	58,694,591
Furniture and equipment	4,333,136	87,543	-	4,420,679
Vehicles	381,200	-	-	381,200
Intangible right to use:				
SBITAs	-	128,862	-	128,862
Leased assets	83,897	-	-	83,897
Total capital assets, being depreciated/amortized	63,351,199	358,030	-	63,709,229
Less: accumulated depreciation/amortization:				
Buildings and improvements	(17,705,462)	(1,569,791)	-	(19,275,253)
Furniture and equipment	(998,119)	(262,200)	-	(1,260,319)
Vehicles	(124,387)	(38,120)	-	(162,507)
Intangible right to use:				
SBITAs	-	(8,279)	-	(8,279)
Leased assets	(22,372)	(22,373)	-	(44,745)
Total accumulated depreciation/amortization	(18,850,340)	(1,900,763)	-	(20,751,103)
Governmental activities capital assets, net	$ 44,762,349	$ (1,014,893)	$ -	$ 43,747,456

Depreciation/amortization expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 1,937
Vocational	1,728,850
Support services:	
Instructional staff	33,781
Fiscal	3,029
Operations and maintenance	93,295
Pupil transportation	32,698
Central	7,173
Total depreciation/amortization expense	$ 1,900,763

NOTE 7 - CAPITAL ASSETS - (Continued)

Capital asset activity for the business-type activities for the year ended June 30, 2023, was as follows:

	Balance 07/01/22	Additions	Deductions	Balance 06/30/23
Business-type activities:				
Capital assets, being depreciated:				
Buildings and improvements	$ 1,200,000	$ -	$ -	$ 1,200,000
Furniture and equipment	25,415	-	-	25,415
Total capital assets, being depreciated	1,225,415	-	-	1,225,415
Less: accumulated depreciation:				
Buildings and improvements	(160,000)	(40,000)	-	(200,000)
Furniture and equipment	-	(2,542)	-	(2,542)
Total accumulated depreciation	(160,000)	(42,542)	-	(202,542)
Business-Type activities capital assets, net	$ 1,065,415	$ (42,542)	$ -	$ 1,022,873

Depreciation expense was charged to the enterprise funds as follows:

Adult and Community Education	$ 42,542

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NOTE 8 - LONG-TERM OBLIGATIONS

Due to the implementation of GASB Statement No. 96 (see Note 3.A for detail), the Center has reported obligations for leases payable which are reflected in the schedule below. The changes in the Center's long-term obligations during the year consist of the following.

	Balance 07/01/22	Increase	Decrease	Balance 06/30/23	Due in One Year
Governmental activities:					
Lease payable	$ 62,775	$ -	$ (21,837)	$ 40,938	$ 22,954
SBITA payable	-	15,147	(3,339)	11,808	2,735
Certificates of participation	46,120,000	-	(1,000,000)	45,120,000	1,045,000
Unamortized premium	2,566,587	-	(105,476)	2,461,111	-
Net pension liability:					
STRS	6,441,706	4,542,292	-	10,983,998	-
SERS	2,761,262	1,409,487	-	4,170,749	-
Total net pension liability	9,202,968	5,951,779	-	15,154,747	-
Net OPEB liability:					
SERS	1,319,772	-	(314,808)	1,004,964	-
Total net OPEB liability	1,319,772	-	(314,808)	1,004,964	-
Compensated absences	1,155,596	544,627	(493,063)	1,207,160	405,682
Total governmental activities	$ 60,427,698	$ 6,511,553	$ (1,938,523)	$ 65,000,728	$ 1,476,371
Business-type activities:					
Compensated absences	$ 82,283	$ 28,886	$ (30,960)	$ 80,209	$ 44,421
Net pension liability:					
STRS	786,393	270,340	-	1,056,733	-
SERS	534,741	301,075	-	835,816	-
Total net pension liability	1,321,134	571,415	-	1,892,549	-
Net OPEB liability:					
SERS	255,585	-	(54,191)	201,394	-
Total net OPEB liability	255,585	-	(54,191)	201,394	-
Total business-type activities	$ 1,659,002	$ 600,301	$ (85,151)	$ 2,174,152	$ 44,421

Compensated absences in the governmental activities will paid from the general fund and compensated absences in the business-type activities will be paid from the adult and community education fund.

See Note 15 for further information on the Center's net pension liability. The Center pays obligations related to employee compensation from the fund benefitting from their service.

See Note 16 for further information on the Center's net OPEB liability. The Center pays obligations related to employee compensation from the fund benefitting from their service.

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

Certificates of Participation: On March 14, 2017, the Center issued $47,100,000 in certificates of participation ("COPs") to finance the acquisition, construction and overall improvement and renovation of the Center's facility. As part of the official agreement, the Center's land and buildings are being ground leased to the Agricultural Incubator Foundation (the "Foundation"), who will then sublease the land and buildings back to the Center for a series of rental payments. These rental payments will pay for the debt service requirements on the COPs. The COPs were sold at a premium of $3,120,337. The COPs premium was deposited into the permanent improvement fund and will be used for future debt service payments. The COPs bear interest rates ranging from 2.50% to 5.00%. Principal on the COPs is due each November 1, beginning November 1, 2021, through and including November 1, 2046. The Foundation has assigned all of its rights in the transaction to The Huntington National Bank (the "Trustee"), which is serving as the trustee for the COPs. The Center made $1,000,000 in principal payments and made $2,088,438 in interest payments in fiscal year 2023. These amounts will be reported as debt service expenditures in the permanent improvement fund.

The obligation of the Center under the lease and any subsequent lease renewal is subject to the annual appropriation of the rental payments. Legal title to the facilities remains with the Trustee until all payments required under the lease have been made. In the event that sufficient monies are not appropriated or certified, the lease will terminate at the end of the current lease term and the Center will have no further obligation to make rental payments. The Trustee, as assignee under the lease assignment, will have certain remedies under the ground lease and the lease, including the right to take possession of the project for the remainder of the term of the ground lease (through November 1, 2046).

The COPs are not a general obligation of the Center and are payable only from appropriations by the Center for annual lease payments. The following is a summary of the future debt service requirements to maturity for the COPs:

Fiscal Year	Principal	Interest	Total
2024	$ 1,045,000	$ 2,042,313	$ 3,087,313
2025	1,100,000	1,988,688	3,088,688
2026	1,150,000	1,932,438	3,082,438
2027	1,200,000	1,873,688	3,073,688
2028	1,250,000	1,812,438	3,062,438
2029 - 2033	7,300,000	8,039,185	15,339,185
2034 - 2038	9,200,000	6,107,342	15,307,342
2039 - 2043	11,605,000	3,646,400	15,251,400
2044 - 2047	11,270,000	923,600	12,193,600
Total	$ 45,120,000	$ 28,366,092	$ 73,486,092

Lease Payable - The Center has entered into a lease agreement for the use of right to use equipment. Due to the implementation of GASB Statement No. 87, the Center will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund.

The Center has entered into lease agreements for copier equipment with the following terms:

Company	Lease Commencement Date	Years	Lease End Date	Payment Method
Lake Business Products	2020	5	2025	Monthly

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of future lease payments under the lease agreements:

Fiscal Year	Principal	Interest	Total
2024	$ 22,954	$ 1,526	$ 24,480
2025	17,984	376	18,360
Total	$ 40,938	$ 1,902	$ 42,840

SBITA Payable - The Center has entered into agreements for the right to use subscription to software. Due to the implementation of GASB Statement No. 96, the Center will report an intangible capital asset and corresponding liability for the future scheduled payments under the subscriptions. The subscription payments will be paid from the general fund.

The Center has entered into agreements for subscriptions at varying years and terms as follows:

SBITA	Commencement Date	Years	End Date	Payment Method
Accounting software	2022	5	2027	Annual

The following is a schedule of future payments under the agreements:

Fiscal Year	Principal	Interest	Total
2024	$ 2,735	$ 604	$ 3,339
2025	2,875	464	3,339
2026	3,022	317	3,339
2027	3,176	163	3,339
Total	$ 11,808	$ 1,548	$ 13,356

Legal Debt Margin: The Center's overall legal debt margin was $545,515,367 with an unvoted debt margin of $6,061,282 at June 30, 2023.

NOTE 9 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

(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); and,

NOTE 9 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

(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).

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

	General fund
Budget basis	$ (607,364)
Net adjustment for revenue accruals	43,270
Net adjustment for expenditure accruals	(126,437)
Net adjustment for other sources/uses	(133)
Funds budgeted elsewhere	4,276
Adjustment for encumbrances	607,438
GAAP basis	$ (78,950)

NOTE 10 - SET-ASIDES

The 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.

	Capital Improvements
Set-aside balance June 30, 2022	$ -
Current year set-aside requirement	133,926
Current year qualifying expenditures	(133,926)
Total	$ -
Balance carried forward to fiscal year 2024	$ -
Set-aside balance June 30, 2023	$ -

On March 14, 2017, the Center issued $47.1 million in Certificates of Participation (COPs) for the acquisition, construction, and overall improvement and renovation of the Center’s facility. The proceeds from the issuance may be used to reduce the capital improvements set-aside amount to zero for future years. The Center is responsible for tracking the amount of COPs proceeds that may be used as an offset in future periods, which was $47.1 million at June 30, 2023.

NOTE 11 - EMPLOYEE BENEFITS

A. Vacation Leave

Twelve-month employees earn ten to twenty days of vacation per year, depending upon length of service. Administrators earn twenty days of vacation per year and qualify for twenty-five if they start their sixth year at the Center. Center support personnel accumulate vacation based on the following factors:

Length of Service	Vacation Leave
After 1 Year	10 Days Per Year
9 or more Years	15 Days Per Year
15 or more Years	20 Days Per Year

Accumulated, unused vacation time is paid to employees upon termination of employment. Teachers do not earn vacation time.

B. Sick Leave

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up with no maximum on the accrual.

C. Retirement Severance Pay

Certified Employees

1. *Five or More Years of Service – Retirement:* A teacher who has five or more years of service with the Center may elect at the time of retirement from active service to be paid for thirty percent of the value of the teacher's accrued but unused sick leave credit to a maximum of ninety-eight days.

   The word "retirement" shall be limited exclusively to mean full permanent retirement with regard to age and years of service under the State Teachers Retirement System law. The rate paid will be the per diem rate of the teacher's basic contract in effect at the time of retirement. Supplemental contracts, extended service or other compensation will not be included in the calculation. Payment for sick leave on this basis shall be considered to eliminate all sick leave credit accrued by the teacher. Such payment shall be made only once to any teacher.

2. *Ten or More Years of Service – Separation:* A teacher who has ten or more years of service with the Center, who resigns or who is severed from employment for any reason, may elect to receive a lump sum cash payment for thirty percent of the value of the teacher's accrued but unused sick leave credit to a maximum of forty days. Such payment shall be calculated by multiplying the employee's daily rate of pay at the time of such severance of employment by the total number of days to which they are entitled. The rate paid will be the highest per diem rate.

Classified Employees

Any employee who has five or more years of service with the Board of Education may elect at the time of retirement from active service to be paid for thirty percent of the value of the employee's accrued but unused sick leave credit to a maximum of ninety-eight days. Severance pay is a per diem based upon the employee's hourly rate over the last three years of employment, times the hours worked per day. The word "retirement" as used shall be limited exclusively to mean full permanent service retirement with regard to age and years of service under the School Employees Retirement System. Payment for sick leave on this basis shall be considered to eliminate all sick leave credit accrued by the employee.

NOTE 12 - RISK MANAGEMENT

A. Property and Liability

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2023, the Center contracted with Travelers Insurance Company for the following insurance:

Type	Coverage
General Liability:	
Bodily Injury (Aggregate Limit)	$ 3,000,000
General Annual Aggregate	3,000,000
Sexual Misconduct and Molestation Liability	1,000,000
Medical Expense Limit	5,000
Property	
Blanket Building and Contents	68,519,020
Automobile Liability:	
Hired and Non-owned Liability	1,000,000
Medical Payments	5,000
Uninsured/Underinsured Motorist	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there has not been a significant reduction in coverage from the prior year.

B. Bonding

The Board President, Superintendent, and Treasurer are covered by an insurance policy. All other employees of the Center are covered by a blanket insurance policy.

C. Workers' Compensation

The Center has established a workers' compensation self-insurance fund to account for workers' compensation activities. The Center pays into the self-insured fund, which is accounted for as an internal service fund, a percentage of the covered employee's salary. Premium payments are then remitted from the self-insurance fund to the Ohio Bureau of Workers' Compensation when due.

For fiscal year 2023, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the Ohio Bureau of Workers' Compensation based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control, and actuarial services to the GRP.

D. Employee Health Benefits

The Center participates in the Suburban Health Consortium, a shared risk pool to provide employee medical/surgical benefits, vision, prescription drug, and dental. Rates are set through an annual calculation process. The Center pays a monthly contribution which is placed in a common fund from which the claim payments are made for all participating districts. The Center's Board of Education pays between 90 and 95% of the monthly premium for all full-time employees per the negotiated agreements.

NOTE 12 - RISK MANAGEMENT - (Continued)

Claims are paid for all participants regardless of claims flow. Upon termination, all participants' claims would be paid without regard to the participants account balance, or the Directors have the right to hold monies for an existing participant until the settlement of all expenses and claims.

Life insurance benefits of $50,000 including accidental death and dismemberment are provided to full-time employees on a fully-funded basis.

NOTE 13 - CONTINGENCIES

A. Grants

The Center received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Center at June 30, 2023 if applicable, cannot be determined at this time.

B. Litigation

The Center is not party to legal proceedings that, in the opinion of management, would have a material impact on the financial statements.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. 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 Center, which can extend past the fiscal year-end.

NOTE 14 - INTERFUND TRANSACTIONS

A. Interfund balances

Interfund loans receivable/payable consisted of the following at June 30, 2023, as reported on the fund statements:

Receivable fund	Payable fund	Amount
General fund	Nonmajor governmental funds	$ 5,192

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 funds are eliminated on the government-wide financial statements.

NOTE 14 - INTERFUND TRANSACTIONS - (Continued)

B. Transfers

Interfund transfers for the fiscal year ended June 30, 2023, consisted of the following, as reported on the fund statements:

Transfers from general fund to:	Amount
Permanent improvement fund	$ 180,634

Interfund transfers represent the use of unrestricted revenues collected in the general fund that are used to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers between governmental funds are eliminated for reporting on the statement of activities. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 15 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

The net pension liability and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

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

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

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

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

The remainder of this note includes the required pension disclosures. See Note 16 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

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

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	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.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2022, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the Center is required to contribute 14.00% 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 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

The Center's contractually required contribution to SERS was $596,327 for fiscal year 2023. Of this amount, $30,540 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

A DB or Combined Plan member with five or more years of credited service, who is determined to be disabled, may qualify for a disability benefit. 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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The Center's contractually required contribution to STRS was $1,062,469 for fiscal year 2023. Of this amount, $132,383 is reported as intergovernmental payable.

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

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on the Center's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.089329600%	0.056531795%	
Proportion of the net pension liability current measurement date	0.092563700%	0.054164030%	
Change in proportionate share	0.003234100%	-0.002367765%	
Proportionate share of the net pension liability	$ 5,006,565	$ 12,040,731	$ 17,047,296
Pension expense	$ 172,235	$ 998,534	$ 1,170,769

At June 30, 2023, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 202,770	$ 154,144	$ 356,914
Net difference between projected and actual earnings on pension plan investments	-	418,990	418,990
Changes of assumptions	49,400	1,440,913	1,490,313
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	122,497	59,846	182,343
Contributions subsequent to the measurement date	596,327	1,062,469	1,658,796
Total deferred outflows of resources	$ 970,994	$ 3,136,362	$ 4,107,356

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 32,866	$ 46,061	$ 78,927
Net difference between projected and actual earnings on pension plan investments	174,708	-	174,708
Changes of assumptions	-	1,084,594	1,084,594
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	71,805	1,060,585	1,132,390
Total deferred inflows of resources	$ 279,379	$ 2,191,240	$ 2,470,619

$1,658,796 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ (37,834)	$ (762,078)	$ (799,912)
2025	80,915	(706,224)	(625,309)
2026	(16,867)	(954,765)	(971,632)
2027	69,074	2,305,720	2,374,794
Total	$ 95,288	$ (117,347)	$ (22,059)

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.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022, are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.00%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.00% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.00%
Actuarial cost method	Entry age normal (level percent of payroll)

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

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

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

The long-term return expectation for the Pension Plan Investments has been determined 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.

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net pension liability	$ 7,369,425	$ 5,006,565	$ 3,015,888

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

For the June 30, 2022 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Tables 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Tables 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, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.
**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net pension liability	$ 18,189,163	$ 12,040,731	$ 6,841,063

Changes Between Measurement Date and Reporting Date - STRS approved a one-time 1.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2023. It is unknown what effect this change will have on the net pension liability.

NOTE 16 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - School Employees Retirement System (SERS)

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

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

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2023, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the Center's surcharge obligation was $13,499.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Center's contractually required contribution to SERS was $13,499 for fiscal year 2023. Of this amount, $13,499 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2023, 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, 2022, 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 Center's proportion of the net OPEB liability/asset was based on the Center's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.083238500%	0.056531795%	
Proportion of the net OPEB liability/asset current measurement date	0.085922300%	0.054164030%	
Change in proportionate share	0.002683800%	-0.002367765%	
Proportionate share of the net OPEB liability	$ 1,206,358	$ -	$ 1,206,358
Proportionate share of the net OPEB asset	$ -	$ 1,402,487	$ 1,402,487
OPEB expense	$ (164,474)	$ (247,198)	$ (411,672)

At June 30, 2023, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 10,143	$ 20,332	$ 30,475
Net difference between projected and actual earnings on OPEB plan investments	6,270	24,415	30,685
Changes of assumptions	191,886	59,739	251,625
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	13,103	42,709	55,812
Contributions subsequent to the measurement date	13,499	-	13,499
Total deferred outflows of resources	$ 234,901	$ 147,195	$ 382,096

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 771,676	$ 210,625	$ 982,301
Changes of assumptions	495,220	994,497	1,489,717
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	284,399	31,455	315,854
Total deferred inflows of resources	$ 1,551,295	$ 1,236,577	$ 2,787,872

$13,499 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2024.

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ (324,688)	$ (316,128)	$ (640,816)
2025	(319,705)	(312,057)	(631,762)
2026	(270,996)	(150,976)	(421,972)
2027	(171,227)	(62,790)	(234,017)
2028	(104,726)	(81,949)	(186,675)
Thereafter	(138,551)	(165,482)	(304,033)
Total	$ (1,329,893)	$ (1,089,382)	$ (2,419,275)

Actuarial Assumptions – SERS

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

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

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

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NOTE 16 - 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, 2022 are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	3.69%
Prior measurement date	1.92%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.08%
Prior measurement date	2.27%
Medical trend assumption:	
Current measurement date	7.00 to 4.40%
Prior measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%

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

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

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

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial 5-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, 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 are summarized as follows:

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

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

Sensitivity of the Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net OPEB liability	$ 1,498,315	$ 1,206,358	$ 970,670

	1% Decrease	Current Trend Rate	1% Increase
Center's proportionate share of the net OPEB liability	$ 930,319	$ 1,206,358	$ 1,566,910

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022 actuarial valuation, compared with June 30, 2021 actuarial valuation, are presented below:

	June 30, 2022		June 30, 2021	
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.00%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	5.00%	4.00%
Medicare	-68.78%	3.94%	-16.18%	4.00%
Prescription Drug				
Pre-Medicare	9.00%	3.94%	6.50%	4.00%
Medicare	-5.47%	3.94%	29.98%	4.00%

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

For the June 30, 2022 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

For the prior measurement date, for healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Tables 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 Tables 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, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

Benefit Term Changes Since the Prior Measurement Date - Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based.

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	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

* Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.
**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

Sensitivity of the Center's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) 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.

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net OPEB asset	$ 1,298,729	$ 1,402,487	$ 1,493,221

	1% Decrease	Current Trend Rate	1% Increase
Center's proportionate share of the net OPEB asset	$ 1,454,720	$ 1,402,487	$ 1,336,555

NOTE 17 - OTHER COMMITMENTS

The Center utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the Center's commitments for encumbrances (less amounts already included in payables) in the governmental funds were as follows:

Fund	Year-End Encumbrances
General	$ 471,436
Permanent improvement	972,160
Nonmajor governmental	60,672
Total	$ 1,504,268

NOTE 18 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Other governments entered into property tax abatement agreements with property owners under Enterprise Zone Agreements ("EZAs") and the Ohio Community Reinvestment Area ("CRA") program with the taxing districts of the Center. The EZAs and CRA program 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. Under these agreements, the Center's property taxes were reduced by $130,040 property tax revenue.

NOTE 19 - COVID-19

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

REQUIRED SUPPLEMENTARY INFORMATION

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Center's proportion of the net pension liability	0.09256370%	0.08932960%	0.09445990%	0.09631360%
Center's proportionate share of the net pension liability	$ 5,006,565	$ 3,296,003	$ 6,247,777	$ 5,762,612
Center's covered payroll	$ 3,488,414	$ 3,107,443	$ 3,309,843	$ 3,317,415
Center's proportionate share of the net pension liability as a percentage of its covered payroll	143.52%	106.07%	188.76%	173.71%
Plan fiduciary net position as a percentage of the total pension liability	75.82%	82.86%	68.55%	70.85%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
0.10357770%	0.10095310%	0.09573100%	0.09295400%	0.10295800%	0.10295800%
$ 5,932,087	$ 6,031,725	$ 7,006,626	$ 5,303,840	$ 5,210,646	$ 5,629,898
$ 3,356,593	$ 3,365,957	$ 2,980,950	$ 3,610,501	$ 3,486,934	$ 3,080,535
176.73%	179.20%	235.05%	146.90%	149.43%	182.76%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2023	**2022**	**2021**	**2020**
Center's proportion of the net pension liability	0.05416403%	0.05653180%	0.05947732%	0.06027009%
Center's proportionate share of the net pension liability	$ 12,040,731	$ 7,228,099	$ 14,391,395	$ 13,328,368
Center's covered payroll	$ 7,074,643	$ 7,160,293	$ 7,119,964	$ 7,213,771
Center's proportionate share of the net pension liability as a percentage of its covered payroll	170.20%	100.95%	202.13%	184.76%
Plan fiduciary net position as a percentage of the total pension liability	78.88%	87.78%	75.48%	77.40%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
0.06351390%	0.06253842%	0.06243020%	0.06732655%	0.06757219%	0.06757219%
$ 13,965,281	$ 14,856,136	$ 20,897,270	$ 18,607,089	$ 16,435,895	$ 17,193,952
$ 7,124,636	$ 6,984,636	$ 6,635,250	$ 7,907,521	$ 8,319,285	$ 8,393,431
196.01%	212.70%	314.94%	235.31%	197.56%	204.85%
77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contribution	$ 596,327	$ 488,378	$ 435,042	$ 463,378
Contributions in relation to the contractually required contribution	(596,327)	(488,378)	(435,042)	(463,378)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered payroll	$ 4,259,479	$ 3,488,414	$ 3,107,443	$ 3,309,843
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2019	2018	2017	2016	2015	2014
	$ 447,851	$ 453,140	$ 471,234	$ 417,333	$ 475,864	$ 483,289
	(447,851)	(453,140)	(471,234)	(417,333)	(475,864)	(483,289)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 3,317,415	$ 3,356,593	$ 3,365,957	$ 2,980,950	$ 3,610,501	$ 3,486,934
	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contribution	$ 1,062,469	$ 990,450	$ 1,002,441	$ 996,795
Contributions in relation to the contractually required contribution	(1,062,469)	(990,450)	(1,002,441)	(996,795)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered payroll	$ 7,589,064	$ 7,074,643	$ 7,160,293	$ 7,119,964
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019		2018		2017		2016		2015		2014	
$	1,009,928	$	997,449	$	977,849	$	928,935	$	1,107,053	$	1,081,507
	(1,009,928)		(997,449)		(977,849)		(928,935)		(1,107,053)		(1,081,507)
$	-	$	-	$	-	$	-	$	-	$	-
$	7,213,771	$	7,124,636	$	6,984,636	$	6,635,250	$	7,907,521	$	8,319,285
	14.00%		14.00%		14.00%		14.00%		14.00%		13.00%

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

	2023	2022	2021	2020
Center's proportion of the net OPEB liability	0.08592230%	0.08323850%	0.08788860%	0.08957130%
Center's proportionate share of the net OPEB liability	$ 1,206,358	$ 1,575,357	$ 1,910,107	$ 2,252,530
Center's covered payroll	$ 3,488,414	$ 3,107,443	$ 3,309,843	$ 3,317,415
Center's proportionate share of the net OPEB liability as a percentage of its covered payroll	34.58%	50.70%	57.71%	67.90%
Plan fiduciary net position as a percentage of the total OPEB liability	30.34%	24.08%	18.17%	15.57%

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 Center's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2019	2018	2017
	0.09558030%	0.09431680%	0.08867776%
	$ 2,651,656	$ 2,531,215	$ 2,527,644
	$ 3,356,593	$ 3,365,957	$ 2,980,950
	79.00%	75.20%	84.79%
	13.57%	12.46%	11.49%

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

	2023	**2022**	**2021**	**2020**
Center's proportion of the net OPEB liability/asset	0.05416403%	0.05653180%	0.05947732%	0.06027009%
Center's proportionate share of the net OPEB liability/(asset)	$ (1,402,487)	$ (1,191,927)	$ (1,045,313)	$ (998,217)
Center's covered payroll	$ 7,074,643	$ 7,160,293	$ 7,119,964	$ 7,213,771
Center's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	19.82%	16.65%	14.68%	13.84%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	230.73%	174.73%	182.10%	174.70%

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 Center's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019		2018		2017	
	0.06351390%		0.06253842%		0.06243020%
$	(1,020,603)	$	2,440,018	$	3,338,783
$	7,124,636	$	6,984,636	$	6,635,250
	14.32%		34.93%		50.32%
	176.00%		47.10%		37.33%

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contribution	$ 13,499	$ 11,487	$ 12,509	$ 8,538
Contributions in relation to the contractually required contribution	(13,499)	(11,487)	(12,509)	(8,538)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered payroll	$ 4,259,479	$ 3,488,414	$ 3,107,443	$ 3,309,843
Contributions as a percentage of covered payroll	0.32%	0.33%	0.40%	0.26%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019		2018		2017		2016		2015		2014	
$	28,465	$	26,232	$	13,812	$	9,110	$	14,792	$	19,578
	(28,465)		(26,232)		(13,812)		(9,110)		(14,792)		(19,578)
$	-	$	-	$	-	$	-	$	-	$	-
$	3,317,415	$	3,356,593	$	3,365,957	$	2,980,950	$	3,610,501	$	3,486,934
	0.86%		0.78%		0.41%		0.31%		0.41%		0.56%

POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Center's covered payroll	$ 7,589,064	$ 7,074,643	$ 7,160,293	$ 7,119,964
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019		2018		2017		2016		2015		2014	
$	-	$	-	$	-	$	-	$	-	$	69,889
	-		-		-		-		-		(69,889)
$	-	$	-	$	-	$	-	$	-	$	-
$	7,213,771	$	7,124,636	$	6,984,636	$	6,635,250	$	7,907,521	$	8,319,285
	0.00%		0.00%		0.00%		0.00%		0.00%		1.00%

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 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%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 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 year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.

(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 year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 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.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- 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 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.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, 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 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

(Continued)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO (CONTINUED)

Changes in assumptions :

- For fiscal year 2017, 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.

- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.

- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.

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

- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.

- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.

(Continued)

- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (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.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.

Changes in assumptions:

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

(Continued)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO (CONTINUED)

Changes in assumptions (continued) :

- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial -4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.

POLARIS CAREER CENTER
CUYAHOGA COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** Program Title	Year	Federal AL Number	Expenditures
U.S. DEPARTMENT OF EDUCATION			
Direct Assistance Programs			
Student Financial Assistance Cluster			
Federal Pell Grant Program	2023	84.063	$ 531,859
Subtotal Federal Pell Grant Program			531,859
Federal Direct Student Loans	2023	84.268	589,828
Subtotal Direct Student Loans			589,828
Total Student Financial Assistance Cluster			1,121,687
Passed Through Ohio Department of Education			
Adult Education - Basic Grants to States (Aspire)	2022	84.002	7,715
Adult Education - Basic Grants to States (Aspire)	2023	84.002	322,815
Subtotal Adult Education Passed Through Ohio Department of Education			330,530
Adult Education - Basic Grants to States (IELCE/IET)	2022	84.002	1,275
Adult Education - Basic Grants to States (IELCE/IET)	2023	84.002	33,241
Subtotal Adult Education Passed Through Ohio Department of Education			34,516
Total Adult Education - Basic Grants to States			365,046
Career and Technical Education - Basic Grants to States (Carl D. Perkins) - HS	2023	84.048	302,718
Equity for Each Jan 2022 Competitive Grant	2022	84.048A	23,031
Equity for Each Jan 2022 Competitive Grant	2023	84.048A	176,969
Subtotal Career and Technical Education Passed Through Ohio Department of Education			502,718
Career and Technical Education - Basic Grants to States (Carl D. Perkins) - Adult Ed.	2023	84.048	143,419
Subtotal Career and Technical Education Passed Through Ohio Department of Education			143,419
Total Career Tech - Basic Grants to States			646,137
COVID-19 - Higher Education Emergency Relief Funds III	2023	84.425E	124,975
COVID-19 - Governor's Emergency Education Relief Funds	2022	84.425C	22,829
COVID-19 - Governor's Emergency Education Relief Funds	2023	84.425C	114,512
Total COVID-19 Governor's Emergency Education Relief Funds			262,316
Total U.S. Department of Education			2,395,186
Total Federal Financial Assistance			$ 2,395,186

The accompanying notes are an integral part of this schedule.

POLARIS CAREER CENTER
CUYAHOGA COUNTY

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

OHIO AUDITOR OF STATE
KEITH FABER

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

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

Polaris Career Center
Cuyahoga County
7285 Old Oak Boulevard
Middleburg Heights, Ohio 44130

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Polaris Career Center, Cuyahoga County, (the Center) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated February 13, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

February 13, 2024

OHIO AUDITOR OF STATE
KEITH FABER

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

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

Polaris Career Center
Cuyahoga County
7285 Old Oak Boulevard
Middleburg Heights, Ohio 44130

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

February 13, 2024

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POLARIS CAREER CENTER
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Student Financial Assistance Cluster: AL #84.063 – Federal Pell Grant Program AL #84.268 – Federal Direct Student Loans
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	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

OHIO AUDITOR OF STATE
KEITH FABER

POLARIS CAREER CENTER

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 3/5/2024

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