



OHIO AUDITOR OF STATE
KEITH FABER



**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY
JUNE 30, 2021**

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SUMMIT COUNTY
JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

Portage Lakes Career Center
Summit County
4401 Shriver Road
Uniontown, Ohio 44685

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2021, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. As discussed in Note 18 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2022, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 16, 2022

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Portage Lakes Career Center
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

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

Financial Highlights

Key financial highlights for 2021 are as follows:

- Net position increased \$435,848, which represents a 7 percent increase over 2021.
- Capital assets increased \$215,194 during fiscal year 2021.
- During the year, outstanding debt increased \$1,000,000 for the school improvement bonds issued.
- The Career Center had a reappraisal of capital assets during fiscal year 2021 and implemented GASB Statement No. 84. As a result, the financial statements have been restated.

Using this Annual Report

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

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

Reporting the Career Center as a Whole

Statement of Net Position and the Statement of Activities

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

Portage Lakes Career Center
Summit County, Ohio
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For the Fiscal Year Ended June 30, 2021
(Unaudited)

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

In the *Statement of Net Position* and the *Statement of Activities*, governmental activities include the Career Center's programs and services, including instruction, support services, and extracurricular activities.

Reporting the Career Center's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been safeguarded for specific activities or objectives. The Career Center uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the Career Center's most significant funds. The Career Center's major governmental funds are the general fund and the adult education fund.

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

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Portage Lakes Career Center
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

The Career Center as a Whole

Recall that the Statement of Net Position provides the perspective of the Career Center as a whole. Table 1 provides a summary of the Career Center's net position for 2021 compared to 2020:

Table 1
Net Position

	Governmental Activities		
	2021	Restated 2020	Change
Assets			
Current & Other Assets	\$ 13,325,818	\$ 11,576,319	\$ 1,749,499
Net Pension/OPEB Asset	501,186	473,337	27,849
Capital Assets	7,998,595	7,783,401	215,194
<i>Total Assets</i>	<u>21,825,599</u>	<u>19,833,057</u>	<u>1,992,542</u>
Deferred Outflows of Resources			
Pension & OPEB	1,766,486	1,554,879	211,607
<i>Total Deferred Outflows of Resources</i>	<u>1,766,486</u>	<u>1,554,879</u>	<u>211,607</u>
Liabilities			
Current & Other Liabilities	1,047,478	804,979	242,499
Long-Term Liabilities:			
Due Within One Year	147,617	131,430	16,187
Due In More Than One Year:			
Pension & OPEB	9,227,144	8,340,579	886,565
Other Amounts	1,182,029	408,019	774,010
<i>Total Liabilities</i>	<u>11,604,268</u>	<u>9,685,007</u>	<u>1,919,261</u>
Deferred Inflows of Resources			
Property Taxes	3,634,543	3,304,846	329,697
Pension & OPEB	1,276,543	1,757,200	(480,657)
<i>Total Deferred Inflows of Resources</i>	<u>4,911,086</u>	<u>5,062,046</u>	<u>(150,960)</u>
Net Position			
Net Investment in Capital Assets	7,520,535	7,783,401	(262,866)
Restricted	1,031,362	135,757	895,605
Unrestricted	(1,475,166)	(1,278,275)	(196,891)
<i>Total Net Position</i>	<u>\$ 7,076,731</u>	<u>\$ 6,640,883</u>	<u>\$ 435,848</u>

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(Unaudited)

The net pension liability (NPL) is the largest single liability reported by the Career Center at June 30, 2021 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, the Career Center adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and assets/liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Career Center's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB asset/liability (NOA/NOL) to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension/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 asset/liability to equal the Career Center's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Career Center is not responsible for certain key factors affecting the balance of these assets/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 asset/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.

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(Unaudited)

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

At year end, capital assets represented 37 percent of total assets. Capital assets include land, construction in progress, land improvements, buildings, furniture and equipment, and vehicles. Net investment in capital assets was \$7,520,535 at June 30, 2021. These capital assets are used to provide services to students and are not available for future spending. Although the Career Center's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the Career Center's net position, \$1,031,362, or 15 percent, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position was a deficit of \$1,475,166.

The Career Center issued school improvement bonds during the fiscal year causing an increase in long-term liabilities for other amounts due in more than one year. The increase in current and other assets can primarily be seen in taxes receivable. The Career Center saw an increase in the property tax valuation for the County which increased taxes receivable.

There was a significant change in net pension/OPEB liability for the Career Center. These fluctuations are due to changes in the retirement systems unfunded liabilities/assets that are passed through to the Career Center's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL/NOA and are described in more detail in their respective notes.

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Portage Lakes Career Center
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Table 2 shows the changes in net position for fiscal year 2021 and 2020.

Table 2
Changes in Net Position

	Governmental Activities		
	2021	2020	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$ 1,786,082	\$ 1,244,046	\$ 542,036
Operating Grants	1,028,337	537,650	490,687
Capital Grants	6,000	-	6,000
<i>Total Program Revenues</i>	<u>2,820,419</u>	<u>1,781,696</u>	<u>1,038,723</u>
General Revenues			
Property Taxes	3,763,553	3,361,885	401,668
Grants & Entitlements	2,482,350	2,490,666	(8,316)
Miscellaneous	91,989	316,631	(224,642)
<i>Total General Revenues</i>	<u>6,337,892</u>	<u>6,169,182</u>	<u>168,710</u>
<i>Total Revenues</i>	<u>9,158,311</u>	<u>7,950,878</u>	<u>1,207,433</u>
Program Expenses			
Instruction:			
Regular	373,806	310,406	63,400
Special	346,587	458,720	(112,133)
Vocational	3,791,614	4,005,013	(213,399)
Adult/Continuing	1,325,250	940,780	384,470
Other	-	5,970	(5,970)
Support Services:			
Pupils	460,051	435,564	24,487
Instructional Staff	91,159	103,160	(12,001)
Board of Education	29,186	16,933	12,253
Administration	833,680	969,451	(135,771)
Fiscal	427,971	445,452	(17,481)
Operation and Maintenance of Plant	741,018	825,628	(84,610)
Pupil Transportation	40,128	39,421	707
Central	163,853	159,192	4,661
Operation of Non-Instructional/Shared Services:			
Other	1,746	-	1,746
Extracurricular Activities	6,414	3,294	3,120
Debt Service:			
Interest and Fiscal Charges	90,000	-	90,000
<i>Total Expenses</i>	<u>8,722,463</u>	<u>8,718,984</u>	<u>3,479</u>
<i>Change in Net Position</i>	435,848	(768,106)	1,203,954
<i>Net Position Beginning of Year</i>	6,640,883	8,337,964	(1,697,081)
<i>Restatement - See Note 2</i>	-	(928,975)	928,975
<i>Net Position End of Year</i>	<u>\$ 7,076,731</u>	<u>\$ 6,640,883</u>	<u>\$ 435,848</u>

The comparative column in Table 2 was not restated for the implementation of GASB 84 or the reappraisal of capital assets.

Portage Lakes Career Center
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(Unaudited)

The increase in charges for services was due to an increase in adult education enrollment and tuition. Property taxes increased due to an increase in tax valuation and operating grants increased for contributions and donations in the special revenue trust funds that were restated for GASB 84. Fluctuations in instructional vocational services expenses were caused by changes in the Career Center's pension and OPEB accruals as previously discussed.

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

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2021	2020	2021	2020
Instruction:				
Regular	\$ 373,806	\$ 310,406	\$ 332,690	\$ 273,937
Special	346,587	458,720	197,222	309,355
Vocational	3,791,614	4,005,013	3,081,849	3,396,429
Adult/Continuing	1,325,250	940,780	(388,349)	104,198
Other	-	5,970	-	5,970
Support Services:				
Pupils	460,051	435,564	265,985	289,519
Instructional Staff	91,159	103,160	91,159	103,160
Board of Education	29,186	16,933	29,186	16,933
Administration	833,680	969,451	833,680	969,451
Fiscal	427,971	445,452	427,971	445,452
Operation and Maintenance of Plant	741,018	825,628	741,018	825,628
Pupil Transportation	40,128	39,421	40,128	39,421
Central	163,853	159,192	163,853	159,192
Operation of Non-Instructional/Shared Services:				
Other	1,746	-	1,746	-
Extracurricular Activities	6,414	3,294	(6,094)	(1,357)
Debt Service:				
Interest and Fiscal Charges	90,000	-	90,000	-
Total Expenses	\$ 8,722,463	\$ 8,718,984	\$ 5,902,044	\$ 6,937,288

The comparative column in Table 3 was not restated for the implementation of GASB 84 and revaluation.

The dependence upon general revenues for governmental activities is apparent. Approximately 68 percent of governmental activities are supported through taxes and other general revenues; such revenues are 68 percent of total governmental revenues. The community, as a whole, is by far the primary support for the Career Center students.

The total and net cost of services changes were primarily caused by the changes related to NPL/NOL, as previously discussed.

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Management's Discussion and Analysis
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(Unaudited)

Governmental Funds

As noted earlier, the Career Center's governmental funds are accounted for using the modified accrual method of accounting. The focus of the Career Center's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Career Center's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of the fund balance which has not yet been limited to use for a particular purpose by either an external party, the Career Center itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Career Center's Board.

The general fund is the chief operating fund of the Career Center. The general fund's net change in fund balance for fiscal year 2021 was an increase of \$691,308. The increase can be attributed to proceeds of the school improvement bonds issued, partially offset by costs associated with the ongoing construction of the new safety services building.

The adult education fund balance increased by \$266,736 due to the increase in enrollment as previously discussed.

General Fund Budgeting Highlights

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

During the course of fiscal year 2021, the Career Center amended its general fund budget. The Career Center uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

Original Budget Compared to Final Budget During the year, the Career Center amended its original estimated revenues and other financing sources to include resources provided by the issuance of school improvement bonds. The original budgeted appropriations and other financing uses were increased in correlation with the increase in funding available.

Final Budget Compared to Actual Results For the general fund, actual budget basis revenue and other financing sources was lower than the final budget due to an overestimation of property taxes revenue.

Actual expenditures and other financing uses were lower than the appropriations in the final budget as fewer bond proceeds were used for construction in the current year than originally estimated.

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Portage Lakes Career Center
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For the Fiscal Year Ended June 30, 2021
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

Table 4 shows fiscal year 2021 balances compared with 2020.

Table 4
Capital Assets at June 30
Net of Depreciation

	Governmental Activities	
	2021	Restated 2020
Land	\$ 195,190	\$ 195,190
Construction in Progress	431,243	-
Land Improvements	359,487	410,831
Buildings	5,792,646	5,945,853
Furniture and Fixtures	1,189,206	1,195,100
Vehicles	30,823	36,427
<i>Total</i>	<i>\$ 7,998,595</i>	<i>\$ 7,783,401</i>

See Note 6 for additional information about the capital assets of the Career Center.

Debt

Table 5 summarizes outstanding debt.

Table 5
Outstanding Debt at June 30

	Governmental Activities	
	2021	2020
School Improvement Bonds	\$ 1,000,000	\$ -

See Note 12 for additional details.

Current Issues

Portage Lakes Career Center receives approximately half of its total General Fund revenue from the Ohio Department of Education. The Career Center receives additional revenue for being on the state guarantee, when the state has a functioning formula; however, the 2021 program was not functional, and simply guaranteed funding at the 2020 level. The Career Center also receives a significant amount of revenue in open enrollment from the four districts served. In fiscal year 2021, the open enrollment amount totaled \$494,664.

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(Unaudited)

The Career Center, in turn, relies on its local property taxpayers for the four districts served. The only operating levy was passed in 1983, for 4.35 mills, on a continuing basis. The effective rate of that levy, relative to Class #1 and Class #2 real estate, is near the statutory minimum of 2 mills. There are no new proposed levies for the forecast period, and it is the intent of current management to continue to operate the Career Center in a manner which is responsible and sustainable, resulting in no additional sacrifices being necessary from taxpayers.

The five-year forecast projects positive carryover balances in the general fund for the next five years. This is contingent on the state guarantee remaining in place, and also assumes the revenue derived from open enrollment continues at current levels.

The Career Center's systems of budgeting and internal controls are well regarded. The Career Center's healthy financial reserves will help the Center continue to serve its mission. The Career Center's focus on sustainability has resulted in the Center maintaining solid finances, while also improving facilities and overall academic achievement.

Contacting the Career Center's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Career Center's finances and to show the Career Center's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Christopher Wright, Treasurer/CFO of Portage Lakes Career Center, 4401 Shriver Road, Uniontown, Ohio 44685 or CWright@plcc.edu.

Portage Lakes Career Center
Summit County, Ohio
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 8,394,967
Cash and Cash Equivalents in Segregated Accounts	783,072
Accounts Receivable	5,651
Accrued Interest Receivable	14,641
Taxes Receivable	4,127,487
Net OPEB Asset	501,186
Non-Depreciable Capital Assets	626,433
Depreciable Capital Assets, net	7,372,162
<i>Total Assets</i>	<i>21,825,599</i>
Deferred Outflows of Resources	
Pension	1,555,456
OPEB	211,030
<i>Total Deferred Outflows of Resources</i>	<i>1,766,486</i>
Liabilities	
Accounts Payable	32,677
Accrued Wages and Benefits	581,645
Accrued Vacation Payable	49,243
Contracts Payable	197,073
Retainage Payable	29,496
Intergovernmental Payable	82,162
Matured Compensated Absences Payable	75,182
Long-Term Liabilities:	
Due Within One Year	147,617
Due In More Than One Year:	
Net Pension Liability	8,687,522
Net OPEB Liability	539,622
Other Amounts Due in More Than One Year	1,182,029
<i>Total Liabilities</i>	<i>11,604,268</i>
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	3,634,543
Pension	308,130
OPEB	968,413
<i>Total Deferred Inflows of Resources</i>	<i>4,911,086</i>
Net Position	
Net Investment in Capital Assets	7,520,535
Restricted for:	
Capital Outlay	522,109
Adult Education	239,687
Other Purposes	269,566
Unrestricted	(1,475,166)
<i>Total Net Position</i>	<i>\$ 7,076,731</i>

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Program Revenues			Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Revenue and Changes in Net Position
Governmental Activities				
Instruction:				
Regular	\$ 373,806	\$ 41,116	\$ -	\$ (332,690)
Special	346,587	-	149,365	(197,222)
Vocational	3,791,614	571,783	131,982	(3,081,849)
Adult/Continuing	1,325,250	1,160,675	552,924	388,349
Support Services:				
Pupils	460,051	-	194,066	(265,985)
Instructional Staff	91,159	-	-	(91,159)
Board of Education	29,186	-	-	(29,186)
Administration	833,680	-	-	(833,680)
Fiscal	427,971	-	-	(427,971)
Operation and Maintenance of Plant	741,018	-	-	(741,018)
Pupil Transportation	40,128	-	-	(40,128)
Central	163,853	-	-	(163,853)
Operation of Non-Instructional/Shared Services:				
Other	1,746	-	-	(1,746)
Extracurricular Activities	6,414	12,508	-	6,094
Debt Service:				
Interest and Fiscal Charges	90,000	-	-	(90,000)
<i>Total</i>	<u>\$ 8,722,463</u>	<u>\$ 1,786,082</u>	<u>\$ 1,028,337</u>	<u>\$ 6,000</u>

General Revenues

Property Taxes Levied for:	
General Purposes	3,763,553
Grants and Entitlements not Restricted to Specific Programs	2,482,350
Investment Earnings	13,014
Miscellaneous	78,975
<i>Total General Revenues</i>	<u>6,337,892</u>
<i>Change in Net Position</i>	435,848
<i>Net Position Beginning of Year (Restated, See Note 2Q)</i>	<u>6,640,883</u>
<i>Net Position End of Year</i>	<u>\$ 7,076,731</u>

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Balance Sheet
Governmental Funds
June 30, 2021

	General	Adult Education Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$ 7,877,811	\$ 285,818	\$ 192,631	\$ 8,356,260
Cash and Cash Equivalents in Segregated Accounts	750,495	-	32,577	783,072
Restricted Cash and Cash Equivalents	38,707	-	-	38,707
Accounts Receivable	-	-	5,651	5,651
Accrued Interest Receivable	14,641	-	-	14,641
Taxes Receivable	4,127,487	-	-	4,127,487
<i>Total Assets</i>	<u>\$ 12,809,141</u>	<u>\$ 285,818</u>	<u>\$ 230,859</u>	<u>\$ 13,325,818</u>
Liabilities				
Accounts Payable	\$ 26,830	\$ 5,847	\$ -	\$ 32,677
Accrued Wages and Benefits	558,956	22,689	-	581,645
Contracts Payable	197,073	-	-	197,073
Retainage Payable	29,496	-	-	29,496
Intergovernmental Payable	80,743	1,419	-	82,162
Matured Compensated Absences Payable	75,182	-	-	75,182
<i>Total Liabilities</i>	<u>968,280</u>	<u>29,955</u>	<u>-</u>	<u>998,235</u>
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	3,634,543	-	-	3,634,543
Unavailable Revenue	164,593	-	-	164,593
<i>Total Deferred Inflows of Resources</i>	<u>3,799,136</u>	<u>-</u>	<u>-</u>	<u>3,799,136</u>
Fund Balances				
Restricted	560,816	255,863	230,859	1,047,538
Committed	11,000	-	-	11,000
Assigned	384,419	-	-	384,419
Unassigned	7,085,490	-	-	7,085,490
<i>Total Fund Balance</i>	<u>8,041,725</u>	<u>255,863</u>	<u>230,859</u>	<u>8,528,447</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 12,809,141</u>	<u>\$ 285,818</u>	<u>\$ 230,859</u>	<u>\$ 13,325,818</u>

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2021

Total Governmental Fund Balances		\$ 8,528,447
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		7,998,595
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: Delinquent Property Taxes		164,593
The net pension liability and net OPEB liability are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	\$ 501,186	
Deferred Outflows - Pension	1,555,456	
Deferred Outflows - OPEB	211,030	
Net Pension Liability	(8,687,522)	
Net OPEB Liability	(539,622)	
Deferred Inflows - Pension	(308,130)	
Deferred Inflows - OPEB	<u>(968,413)</u>	(8,236,015)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
School Improvement Bonds	(1,000,000)	
Accrued Vacation Leave Payable	(49,243)	
Compensated Absences	<u>\$ (329,646)</u>	<u>(1,378,889)</u>
<i>Net Position of Governmental Activities</i>		<u><u>\$ 7,076,731</u></u>

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Adult Education Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property and Other Local Taxes	\$ 3,690,370	\$ -	\$ -	\$ 3,690,370
Intergovernmental	2,631,715	411,373	299,143	3,342,231
Investment Income	13,014	-	50	13,064
Tuition and Fees	535,780	1,209,743	-	1,745,523
Extracurricular Activities	11,960	-	548	12,508
Charges for Services	28,051	-	-	28,051
Contributions and Donations	-	-	168,406	168,406
Miscellaneous	77,035	1,940	-	78,975
<i>Total Revenues</i>	<u>6,987,925</u>	<u>1,623,056</u>	<u>468,147</u>	<u>9,079,128</u>
Expenditures				
Current:				
Instruction:				
Regular	367,961	-	-	367,961
Special	357,303	-	-	357,303
Vocational	3,413,167	61,878	110,845	3,585,890
Adult/Continuing	3,727	1,294,442	39,241	1,337,410
Other	173	-	-	173
Support Services:				
Pupils	280,639	-	181,170	461,809
Instructional Staff	91,159	-	-	91,159
Board of Education	28,736	-	-	28,736
Administration	819,120	-	-	819,120
Fiscal	419,969	-	-	419,969
Operation and Maintenance of Plant	643,137	-	-	643,137
Pupil Transportation	40,128	-	-	40,128
Central	159,349	-	-	159,349
Operation of Non-Instructional/Shared Services:				
Other	1,573	-	-	1,573
Extracurricular Activities	3,332	-	3,082	6,414
Capital Outlay	577,144	-	-	577,144
Debt Service				
Interest and Fiscal Charges	90,000	-	-	90,000
<i>Total Expenditures</i>	<u>7,296,617</u>	<u>1,356,320</u>	<u>334,338</u>	<u>8,987,275</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(308,692)</u>	<u>266,736</u>	<u>133,809</u>	<u>91,853</u>
Other Financing Sources (Uses)				
School Improvement Bonds Issued	1,000,000	-	-	1,000,000
<i>Total Other Financing Sources (Uses)</i>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
<i>Net Change in Fund Balances</i>	691,308	266,736	133,809	1,091,853
<i>Fund Balances Beginning of Year, Restated (See Note 2Q)</i>	<u>7,350,417</u>	<u>(10,873)</u>	<u>97,050</u>	<u>7,436,594</u>
<i>Fund Balances End of Year</i>	<u>\$ 8,041,725</u>	<u>\$ 255,863</u>	<u>\$ 230,859</u>	<u>\$ 8,528,447</u>

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021*

Net Change in Fund Balances - Total Governmental Funds	\$	1,091,853
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 673,287	
Current Year Depreciation	<u>(451,646)</u>	221,641
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(6,447)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes		73,183
Debt proceeds issued in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
School Improvement Bonds		(1,000,000)
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	619,416	
OPEB	<u>3,815</u>	623,231
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(839,095)	
OPEB	<u>49,412</u>	(789,683)
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued Vacation Leave Payable	12,267	
Compensated Absences	<u>\$ 209,803</u>	<u>222,070</u>
<i>Change in Net Position of Governmental Activities</i>	<u>\$</u>	<u><u>435,848</u></u>

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues and Other Financing Sources	\$ 7,219,218	\$ 8,263,512	\$ 7,996,262	\$ (267,250)
Expenditures and Other Financing Uses	<u>7,300,000</u>	<u>8,300,000</u>	<u>7,590,125</u>	<u>709,875</u>
Net Change in Fund Balance	(80,782)	(36,488)	406,137	442,625
<i>Fund Balance Beginning of Year</i>	7,469,361	7,469,361	7,469,361	-
Prior Year Encumbrances Appropriated	<u>56,345</u>	<u>56,345</u>	<u>56,345</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 7,444,924</u>	<u>\$ 7,489,218</u>	<u>\$ 7,931,843</u>	<u>\$ 442,625</u>

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
Adult Education Fund
For the Fiscal Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues and Other Financing Sources	\$ 1,098,086	\$ 1,389,382	\$ 1,623,056	\$ 233,674
Expenditures and Other Financing Uses	<u>1,100,000</u>	<u>1,391,296</u>	<u>1,380,675</u>	<u>10,621</u>
Net Change in Fund Balance	(1,914)	(1,914)	242,381	244,295
<i>Fund Balance Beginning of Year</i>	1,911	1,911	1,911	-
Prior Year Encumbrances Appropriated	<u>22,606</u>	<u>22,606</u>	<u>22,606</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 22,603</u>	<u>\$ 22,603</u>	<u>\$ 266,898</u>	<u>\$ 244,295</u>

See accompanying notes to the basic financial statements.

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 1 - DESCRIPTION OF THE CAREER CENTER AND REPORTING ENTITY

The Portage Lakes Joint Vocational School also known as the Portage Lakes Career Center (the “Career Center”) is a vocational high school.

Joint Vocational Career Centers were created by the legislature as one means by which a School District can meet its obligation under law to make a vocational education program available to all of its students. The Career Center has four member school districts. They are: Green Local, Manchester Local, Springfield Local, and Coventry Local Schools.

The Portage Lakes Career Center’s Board of Education consists of nine board members. Each local school district is represented by two board members elected from the membership of their local board. Green Local Schools is represented by three board members. Each year, the member school districts elect or assign board members to represent their board on the Career Center’s Board of Education.

Reporting Entity

The Portage Lakes Career Center is a Career Center governed by an appointed Board of Education. The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the Career Center are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Career Center.

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

The Career Center participates in one jointly governed organization and three public entity risk pools. These organizations are the Northeast Ohio Network for Educational Technology, the Stark County Schools Council of Governments, the Ohio School Comp Workers’ Compensation Group Rating Program and the Ohio School Plan. These organizations are presented in Notes 8 and 13 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Career 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 most significant of the Career Center's accounting policies are described below.

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

A. Basis of Presentation

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

Government-Wide Financial Statements

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

The statement of net position presents the financial condition of the governmental activities of the Career Center at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Career Center's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants 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 Career Center, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each governmental activity is self-financing or draws from the general revenues of the Career Center.

Fund Financial Statements

During the year, the Career Center segregates transactions related to certain Career 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 Career Center at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

The Career Center uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts.

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

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

Adult Education Fund This fund accounts for transactions made in connection with adult education programs.

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The other governmental funds of the Career Center account for grants and other resources to which the Career Center is bound to observe constraints imposed upon the use of the resources.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. The Career Center does not have fiduciary funds.

C. 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 with the operation of the Career Center are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

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

Fiduciary funds are reported using the economic resources measurement focus.

D. Basis of Accounting

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

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

Non-exchange transactions, in which the Career Center receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the Career Center, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Career Center, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Career Center, unavailable revenue may include delinquent property taxes, grants and entitlements and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 10 and 11).

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

E. Cash and Investments

To improve cash management, all cash received by the Career Center is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through Career Center records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the financial statement. The Career Center has segregated a portion of cash balances, reported as "cash and cash equivalents in segregated accounts" which is used for the scholarships.

During the fiscal year 2021, the Career Center invested in STAR Ohio, money markets, federal securities, municipal bonds, negotiable certificates of deposit and commercial paper. 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,

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

For the fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$13,014 which includes \$353 assigned from other Career Center funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the Career Center are presented on the financial statements as “equity in pooled cash and investments.” Investments with an original maturity of more than three months that are not made from the pool are reported as “investments.”

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the general fund include amounts required by State statute to be set-aside for budget stabilization. See Note 16 for additional information regarding set-asides.

G. Capital Assets

All capital assets of the Career Center are classified as general capital assets. 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.

All capital assets are capitalized at cost (or estimated historical cost or fair market value) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The Career Center maintains a capitalization threshold of \$2,500. The Career 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 expensed.

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	Estimated Lives
Land Improvements	15 - 30 Years
Buildings	30 - 60 Years
Furniture and Equipment	5 - 20 Years
Vehicles	8 - 15 Years

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H. Compensated Absences

The Career Center reports compensated absences in accordance with the provisions of GASB No. 16, *Accounting for 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.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The entire compensated absence liability is reported on the government-wide financial statements.

On the governmental fund statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the funds from which the employee will be paid. Matured compensated absences payable as of June 30, 2021 were \$75,182.

I. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pension/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.

J. Accrued Liabilities and Long-Term Obligations

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

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K. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Career Center or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2021, there was no net position restricted by enabling legislation.

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

L. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Career Center classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

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

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the Career Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Career Center Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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

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

M. Interfund Activity

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. All transfers between governmental funds have been eliminated within the governmental activities column of the statement of net position. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

N. Estimates

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

O. Budgetary Data

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.

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

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

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P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual 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. Neither type of transaction occurred during fiscal year 2021.

Q. Implementation of New Accounting Principles

For the fiscal year ended June 30, 2021, the Career Center implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, GASB Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*, certain provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates* and GASB Statement No. 98, *The Annual Comprehensive Financial Report*.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the Career Center reviewed its funds for proper classification, and any fund reclassifications resulted in the restatement of the Career Center’s financial statements (see below).

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of the Career Center.

GASB Statement No. 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of GASB Statement No. 98 did not have an effect on the financial statements of the Career Center.

Restatement of Net Position/Fund Balances

The Career Center had a reappraisal of capital assets performed as of July 1, 2020. The reappraisal and implementation of GASB 84 had the following effect on net position as reported June 30, 2020:

	Governmental Activities
Net Position, June 30, 2020	\$ 7,569,858
GASB Statement No. 84	85,285
Depreciable Capital Assets	(1,014,260)
Restated Net Position, June 30, 2020	\$ 6,640,883

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The implementation of GASB 84 had the following effect on fund balance as reported June 30, 2020:

	General Fund	Other Governmental Funds
Fund Balance, June 30, 2020	\$ 7,351,189	\$ 10,993
GASB Statement No. 84	(772)	86,057
Restated Fund Balance, June 30, 2020	\$ 7,350,417	\$ 97,050

The implementation of GASB 84 had the following effect on fiduciary net position as reported June 30, 2020:

	Fiduciary Funds	
	Private Purpose Trust	Agency
Net Position, June 30, 2020	\$ 66,785	\$ -
GASB Statement No. 84	-	-
Adjustments:		
Assets	(66,785)	(18,500)
Liabilities	-	18,500
Restated Net Position, June 30, 2020	\$ -	\$ -

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a restricted, committed or assigned fund balance (GAAP).
4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general and adult education funds.

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Net Change in Fund Balance

	General	Adult Education
GAAP Basis	\$ 691,308	\$ 266,736
Net Adjustment for Revenue Accruals	50,027	-
Net Adjustment for Expenditure Accruals	260,200	(5,437)
Funds Budgeted Elsewhere **	(19,441)	-
Adjustment for Encumbrances	(575,957)	(18,918)
Budget Basis	\$ 406,137	\$ 242,381

**As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes public school support funds, customer service fund, underground storage tank fund, the staff apparel fund and the rotary fund.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

Interim monies 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;

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

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

Deposits At fiscal year-end, the carrying amount of the Career Center's deposits were \$1,009,401, excluding \$500 in petty cash. Of the bank balance of \$1,046,378:

1. \$250,000 of the bank balance was covered by depository insurance; and
2. \$567,084 was collateralized by the financial institution's participation in the Ohio Pooled Collateral System.
3. \$229,294 was uninsured and uncollateralized. Although securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Career Center to a successful claim by the FDIC.

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Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the Career Center will not be able to recover deposits or collateral securities that are in possession of an outside party.

The Career 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:

- 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 required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2021, the Career Center’s financial institution was approved for a reduced collateral rate of 50 percent through the OPCS.

Segregated Cash - The scholarship accounts in the special trust fund are maintained separately from the Career Center’s deposits. The carrying amount of the deposits is reported as “Cash in Segregated Accounts.”

Investments

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

S&P Global Rating	Investment	Measurement Amount	Maturity			% of Investments
			< 1 Year	1 - 3 Years	> 3 Years	
	Net Asset Value (NAV):					
AAAm	STAR Ohio	\$ 1,086,310	\$ 1,086,310	\$ -	\$ -	13.30%
	First American Treasury					
A-1+	Money Market	13,211	13,211	-	-	0.16%
A-1	Commercial Paper	1,674,390	1,674,390	-	-	20.50%
	Fair Value:					
N/A	Negotiable Certificates of Deposit	3,800,175	1,751,248	2,048,927	-	46.52%
AA+	Federal National Mortgage Association	197,948	-	-	197,948	2.42%
AA+	Federal Home Loan Mortgage	781,315	-	344,918	436,397	9.57%
AA+	Federal Farm Credit Bank	200,131	200,131	-	-	2.45%
AA	Municipal Bonds	414,658	101,049	313,609	-	5.08%
	Total	<u>\$ 8,168,138</u>	<u>\$ 4,826,339</u>	<u>\$ 2,707,454</u>	<u>\$ 634,345</u>	<u>100.00%</u>

The Career Center categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the Career Center’s recurring fair value measurements as of June 30, 2021. The Career Center’s investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The Career Center’s policy is to follow State statute which is to invest funds with the highest interest rate bid.

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Credit Risk: The Career Center's investments during fiscal year 2021 included STAR Ohio, Commercial Paper, federal securities, negotiable certificates of deposit and a money market fund. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2021, is 54 days.

Concentration of Credit Risk: The Ohio Revised Code authorizes the Treasurer to invest a maximum of 40 percent of interim funds in either or a combined total of commercial paper and bankers acceptances. This is the only limit placed on the amount that may be invested in any one issuer. The previous table includes the percentage of total of each investment type held by the Career Center at June 30, 2021.

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the Career Center. Real property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid 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 revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020 and are collected in 2021 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The Career Center receives property taxes from Summit County. The Fiscal Officer periodically advances to the Career Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2022 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

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

	2020 Second Half Collections Valuation	%	2021 First Half Collections Valuation	%
Real Estate	\$ 1,631,814,910	92.01%	\$ 1,871,785,850	92.29%
Public Utility Personal Property	141,712,380	7.99%	156,288,150	7.71%
Total Assessed Valuation	<u>\$ 1,773,527,290</u>	<u>100.00%</u>	<u>\$ 2,028,074,000</u>	<u>100.00%</u>
Full Tax rate per \$1,000 of assessed valuation	<u>\$ 4.35</u>		<u>\$ 4.35</u>	

NOTE 6 - CAPITAL ASSETS

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

	Restated Balance 6/30/20	Additions	Reductions	Balance 6/30/21
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 195,190	\$ -	\$ -	\$ 195,190
Construction in Progress	-	431,243	-	431,243
Total Capital Assets, not being depreciated	<u>195,190</u>	<u>431,243</u>	<u>-</u>	<u>626,433</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	908,249	-	-	908,249
Buildings	12,554,606	33,383	-	12,587,989
Furniture and Equipment	3,272,788	208,661	(36,312)	3,445,137
Vehicles	79,389	-	-	79,389
Total Capital Assets, being depreciated	<u>16,815,032</u>	<u>242,044</u>	<u>(36,312)</u>	<u>17,020,764</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(497,418)	(51,344)	-	(548,762)
Buildings	(6,608,753)	(186,590)	-	(6,795,343)
Furniture and Equipment	(2,077,688)	(208,108)	29,865	(2,255,931)
Vehicles	(42,962)	(5,604)	-	(48,566)
Total Accumulated Depreciation	<u>(9,226,821)</u>	<u>(451,646)</u>	<u>29,865</u>	<u>(9,648,602)</u>
Total Capital Assets being depreciated, net	<u>7,588,211</u>	<u>(209,602)</u>	<u>(6,447)</u>	<u>7,372,162</u>
Governmental Activities				
Capital Assets, Net	<u>\$7,783,401</u>	<u>\$ 221,641</u>	<u>\$ (6,447)</u>	<u>\$ 7,998,595</u>

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$356,513
Support Services:	
Administration	5,963
Operation and Maintenance of Plant	<u>89,170</u>
Total Depreciation	<u>\$451,646</u>

NOTE 7 - RECEIVABLES

Receivables at June 30, 2021 consisted of accrued interest, accounts and property taxes. Taxes receivable is considered collectible in full due to the ability to foreclose for the nonpayment of taxes.

NOTE 8 - RISK MANAGEMENT

A. Property and Liability

The Career 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.

The Career Center maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90 percent coinsured. Settled claims have not exceeded this coverage in any of the past three years, nor has there been any significant reduction in insurance coverage from the prior year.

B. Workers' Compensation

The Career Center participates in the Ohio School Comp Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. This represents a merger of individual pooling programs for the Ohio School Boards Association (OSBA) and the Ohio Association of School Business Officials (OASBO). Each year, the participating governments pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the Career Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating governments is calculated as one experience and a common premium rate is applied to all governments in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to governments that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP.

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C. Ohio School Plan

The Career Center participates in the Ohio School Plan (the “Plan”), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan’s business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Schuett Insurance Agency, Inc., and a member of Hylant Group, Inc. Hylant Group, Inc. is the Plan’s administrator and is responsible for processing claims. Harcum-Schuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Schuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

D. Employee Medical Benefits

The Career Center is a member of the Stark County Schools Council of Governments (the Council), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the “Program”) is an employee health benefit plan which covers the participating members’ employees. The Council acts as a fiscal agent for the cash funds paid into the program by the participating governments. These funds are pooled together for the purpose of paying health benefit claims for employees and their covered dependents, administrative expenses of the program, and premiums for stop-loss insurance coverage. The Career Center accounts for the premiums paid as expenditures in the general or applicable fund.

NOTE 9 – COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Teachers do not earn vacation time. Administrators employed to work 260 days per year can earn twenty days of vacation annually. Accumulated unpaid vacation is limited to the amount earned during one year. Employees are paid one hundred percent of their accumulated unpaid vacation when they terminate their employment for any reason.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 325 days. Employees shall receive severance pay equal to 25 percent of 260 days plus 10 percent of accumulated sick leave between 261 and the maximum sick leave.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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The net pension/OPEB liability (asset) represents the Career Center’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/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 Career Center’s obligation for this liability to annually required payments. The Career Center cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the Career Center does receive the benefit of employees’ services in exchange for compensation including pension and OPEB.

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

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

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – Career Center non-teaching employees participate in SERS, a statewide, 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 before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit; 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.

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. 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 is 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 percent and with a floor of zero percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the Career Center is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2021.

The Career Center's contractually required contribution to SERS was \$137,457 for fiscal year 2021. Of this amount, \$5,903 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – Career Center licensed teachers and other faculty members 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 Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for 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 at any age.

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

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

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

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

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 statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. The Career Center was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2021 contribution rates were equal to the statutory maximum rates.

The Career Center's contractually required contribution to STRS was \$481,959 for fiscal year 2021. Of this amount, \$65,091 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The Career Center's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

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	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.02702460%	0.02851683%	
Prior Measurement Date	0.02433880%	0.02857932%	
Change in Proportionate Share	<u>0.00268580%</u>	<u>-0.00006249%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 1,787,464	\$ 6,900,058	\$ 8,687,522
Pension Expense	\$ 199,345	\$ 639,750	\$ 839,095

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the Career Center's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

At June 30, 2021, the Career 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	\$ 3,471	\$ 15,482	\$ 18,953
Net Difference between Projected and			
Actual Earnings on Pension Plan Investments	113,468	335,552	449,020
Changes of Assumptions	-	370,399	370,399
Changes in Proportion and Differences between			
Career Center Contributions and Proportionate			
Share of Contributions	97,668	-	97,668
Career Center Contributions Subsequent to the			
Measurement Date	<u>137,457</u>	<u>481,959</u>	<u>619,416</u>
Total Deferred Outflows of Resources	<u>\$ 352,064</u>	<u>\$ 1,203,392</u>	<u>\$ 1,555,456</u>
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ -	\$ 44,123	\$ 44,123
Changes in Proportion and Differences between			
Career Center Contributions and Proportionate			
Share of Contributions	<u>19,612</u>	<u>244,395</u>	<u>264,007</u>
Total Deferred Inflows of Resources	<u>\$ 19,612</u>	<u>\$ 288,518</u>	<u>\$ 308,130</u>

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\$619,416 reported as deferred outflows of resources related to pension resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2022	\$ 41,693	\$ 141,480	\$ 183,173
2023	70,482	26,933	97,415
2024	47,295	115,243	162,538
2025	35,525	149,259	184,784
Total	\$ 194,995	\$ 432,915	\$ 627,910

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 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. Future benefits for all current plan members were projected through 2130.

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

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

Actuarial Cost Method	Entry Age Normal (Level Percentage of Payroll, Closed)
Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent, net of investment expense, including inflation
COLA or Ad Hoc COLA	2.50 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

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For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years is used for the period after disability retirement.

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

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

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

Discount Rate Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
Career Center's Proportionate Share of the Net Pension Liability	\$ 2,448,607	\$ 1,787,464	\$ 1,232,752

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Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020 actuarial valuation, are presented below:

Inflation	2.50 percent
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of the latest available actuarial experience study, which is for the period July 1, 2011 through June 30, 2016.

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

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Sensitivity of the Career Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the Career Center's proportionate share of the net pension liability as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the Career Center's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
Career Center's Proportionate Share of the Net Pension Liability	\$ 9,824,482	\$ 6,900,058	\$ 4,421,853

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or State Teachers Retirement System have an option to choose Social Security. The Career Center's liability is 6.2 percent of wages paid.

NOTE 11 - DEFINED BENEFIT OPEB PLANS

See Note 10 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

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Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the Career Center's surcharge obligation was \$3,815, which is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. 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 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.02482900%	0.02851700%	
Prior Measurement Date	0.02243500%	0.02857900%	
Change in Proportionate Share	0.00239400%	-0.00006200%	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 539,622	\$ (501,186)	
OPEB Expense	\$ (13,113)	\$ (36,299)	\$ (49,412)

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

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	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 7,088	\$ 32,112	\$ 39,200
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	6,079	17,567	23,646
Changes of Assumptions	91,986	8,272	100,258
Changes in Proportion and Differences between Career Center Contributions and Proportionate Share of Contributions	44,111	-	44,111
Career Center Contributions Subsequent to the Measurement Date	3,815	-	3,815
Total Deferred Outflows of Resources	\$ 153,079	\$ 57,951	\$ 211,030

Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 274,432	\$ 99,828	\$ 374,260
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	-	-
Changes of Assumptions	13,591	476,043	489,634
Changes in Proportion and Differences between Career Center Contributions and Proportionate Share of Contributions	73,493	31,026	104,519
Total Deferred Inflows of Resources	\$ 361,516	\$ 606,897	\$ 968,413

\$3,815 reported as deferred outflows of resources related to OPEB resulting from Career Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2022. 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:			
2022	\$ (47,479)	\$ (135,918)	\$ (183,397)
2023	(47,041)	(124,027)	(171,068)
2024	(47,111)	(119,855)	(166,966)
2025	(40,899)	(116,797)	(157,696)
2026	(23,953)	(28,111)	(52,064)
Thereafter	(5,769)	(24,238)	(30,007)
Total	\$ (212,252)	\$ (548,946)	\$ (761,198)

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Actuarial Assumptions - SERS

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

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

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

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

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate	
Measurement Date	2.63 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 4.75 percent

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

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

**Portage Lakes Career Center
Summit County, Ohio**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure the total OPEB liability prior to June 30, 2020 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic pension benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as 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 by the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e., municipal bond rate).

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

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	1% Decrease	Current Discount Rate	1% Increase
Career Center's Proportionate Share of the Net OPEB Liability	\$ 660,476	\$ 539,622	\$ 443,532

	1% Decrease	Current Trend Rate	1% Increase
Career Center's Proportionate Share of the Net OPEB Liability	\$ 424,906	\$ 539,622	\$ 693,011

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020 actuarial valuation are presented below:

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-6.69 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	11.87 percent	4.00 percent

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

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

The actuarial assumptions used in the June 30, 2020 valuation were adopted by the board from the results of an actuarial experience study for July 1, 2011 through June 30, 2016.

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

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on 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. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Career Center's Proportionate Share of the Net OPEB Liability (Asset)	\$ (436,064)	\$ (501,186)	\$ (556,439)

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Career Center's Proportionate Share of the Net OPEB Liability (Asset)	\$ (553,009)	\$ (501,186)	\$ (438,057)

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

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 12 - LONG - TERM OBLIGATIONS

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

	Outstanding 6/30/2020	Additions	Reductions	Outstanding 6/30/2021	Amounts Due in One Year
Governmental Activities:					
<i>Direct Borrowing:</i>					
School Improvement Bonds, Series 2021 Due 12/1/2030, 1.805%	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000	\$ 95,000
<i>Net Pension/OPEB Liability:</i>					
Pension	7,776,378	911,144	-	8,687,522	-
OPEB	564,201	-	24,579	539,622	-
<i>Total Net Pension/OPEB Liability</i>	<u>8,340,579</u>	<u>911,144</u>	<u>24,579</u>	<u>9,227,144</u>	<u>-</u>
Compensated Absences	539,449	-	209,803	329,646	52,617
<i>Total Governmental Activities Long-Term Liabilities</i>	<u>\$ 8,880,028</u>	<u>\$ 1,911,144</u>	<u>\$ 234,382</u>	<u>\$ 10,556,790</u>	<u>\$ 147,617</u>

Compensated absences will be paid from the fund in which the employee is paid. In prior years, this fund has primarily been the general fund. The Career Center pays obligations related to employee compensation from the fund benefitting from their service. The school improvements bonds will be paid from the general fund.

2021 School Improvement Bonds

On April 1, 2021 the Career Center issued \$1,000,000 in school improvement bonds. The proceeds of the bonds will be used to build a safety services building and other renovations and improvements throughout the Career Center. The bonds were issued for a 10 year period with final maturity at December 1, 2030.

Principal and interest requirements to retire school improvement bonds outstanding at June 30, 2021 are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds	
	Principal	Interest
2022	\$ 95,000	\$ 20,201
2023	95,000	15,478
2024	95,000	13,763
2025	100,000	12,003
2026	100,000	10,198
2027-2031	515,000	23,511
Total	<u>\$ 1,000,000</u>	<u>\$ 95,154</u>

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 13 - JOINTLY GOVERNED ORGANIZATION

Northeast Ohio Network for Educational Technology

The Northeast Ohio Network for Educational Technology (NEONET) is a jointly governed organization comprised of 72 governments. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for members. Each of the governments of these members supports NEONET based on a per pupil charge dependent upon the software package utilized. The NEONET assembly consists of a superintendent or designated representative from each participating member and a representative from the fiscal agent. NEONET is governed by a board of directors chosen from the general membership of the NEONET assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating members are located. Financial information can be obtained by contacting Northeast Ohio Network for Educational Technology, located at 700 Graham Road, Cuyahoga Falls, Ohio 44221. During the fiscal year ended June 30, 2021, the Career Center paid \$145,210 to NEONET for basic service charges.

NOTE 14 – CONTINGENCIES

A. Grants

The Career Center received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Career Center at June 30, 2021, if applicable, cannot be determined at this time.

B. Litigation

The Career Center is not party to any claims or lawsuits that would, in the Career Center's opinion, have a material effect of the basic financial statements.

C. School District Funding

School district Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. The fiscal year 2021 adjustment resulted in a payable of the Career Center in the amount of \$4,380.

NOTE 15 – SIGNIFICANT COMMITMENT

Outstanding encumbrances for governmental funds include \$361,419 in the general fund and \$18,251 in the adult education fund.

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 16 - SET-ASIDES

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

Effective April 10, 2001, Senate Bill 345 eliminated the requirement that the Career Center establish and maintain a budget stabilization reserve. The monies which do not represent the Bureau of Workers Compensation (BWC) refunds may be left in the budget reserve set-aside, or returned to the general fund and used at the discretion of the of the Career Center’s Board of Education.

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

	Budget Stabilization	Capital Improvement	Totals
Set-Aside Reserve Balance as of June 30, 2020	\$ 185,120	\$ 0	\$ 185,120
Current Year Set-Aside Requirement	0	74,116	74,116
Current Year Qualifying Disbursements	0	(505,576)	(505,576)
Total	\$ 185,120	\$ (431,460)	\$ (246,340)
Balance Carried Forward to FY 2022	\$ 185,120	\$ 0	\$ 185,120
Set-Aside Reserve Balance June 30, 2021			\$ 38,707

The Career Center had qualifying disbursements during the year that reduced the capital improvements set-aside below zero. This extra amount may not be used to reduce the set-aside requirement of future years. Negatives are therefore not presented as being carried forward to the next fiscal year.

The total reserve balance for the set-asides at the end of the fiscal year was \$185,120. Of the \$185,120, \$38,707 represents BWC refunds which are reported as a restricted fund balance. The remaining amount of \$146,413 is reported as unassigned since the requirements that initially established the reserve were not specific to its use.

NOTE 17 – FUND BALANCE

Fund balance can be classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Career Center is bound to observe constraints imposed upon the use of the resources in governmental funds.

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The constraints placed on fund balance for the major governmental funds and all other funds are presented as follows:

	General	Adult Education	Other Governmental Funds	Total
Restricted for:				
Capital Outlay	\$ 522,109	\$ -	\$ -	\$ 522,109
Adult Education	-	255,863	-	255,863
BWC Refund	38,707	-	-	38,707
Other Purposes	-	-	230,859	230,859
Total Restricted	<u>560,816</u>	<u>255,863</u>	<u>230,859</u>	<u>1,047,538</u>
Committed for:				
Underground Storage Tank	<u>11,000</u>	-	-	<u>11,000</u>
Assigned for:				
Encumbrances				
Instruction	8,044	-	-	8,044
Support Services	23,679	-	-	23,679
Capital Outlay	329,696	-	-	329,696
Subsequent Year Appropriations	<u>23,000</u>	-	-	<u>23,000</u>
Total Assigned	<u>384,419</u>	-	-	<u>384,419</u>
Unassigned	<u>7,085,490</u>	-	-	<u>7,085,490</u>
<i>Total Fund Balance (Deficit)</i>	<u>\$ 8,041,725</u>	<u>\$ 255,863</u>	<u>\$ 230,859</u>	<u>\$ 8,528,447</u>

NOTE 18 – 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 continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Career Center. The Career Center’s investment portfolio and the investments of the pension and other employee benefit plans in which the Career Center participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the Career Center’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

During fiscal year 2021, the Career Center received \$106,479 as on-behalf of grants from other governments. These amounts are recorded in the Coronavirus Relief and Governor Emergency Education Relief Special Revenue Funds.

NOTE 19 – SUBSEQUENT EVENT

For fiscal year 2022, Career Center foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school.

Portage Lakes Career Center
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

For fiscal year 2021, the Career Center reported \$494,664 in tuition and fees from the resident school district which will be direct funded to the Career Center in fiscal year 2022. This new funding system calculates a unique base cost for each School District. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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Portage Lakes Career Center
Summit County, Ohio
Required Supplementary Information
Schedule of the Career Center's Proportionate Share of the Net Pension Liability
Last Eight Fiscal Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>School Employees Retirement System (SERS)</i>				
Career Center's Proportion of the Net Pension Liability	0.02702460%	0.02433880%	0.02617610%	0.02786660%
Career Center's Proportionate Share of the Net Pension Liability	\$ 1,787,464	\$ 1,456,233	\$ 1,499,154	\$ 1,664,968
Career Center's Covered Payroll	\$ 952,486	\$ 840,874	\$ 873,696	\$ 853,007
Career Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	187.66%	173.18%	171.59%	195.19%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%
<i>State Teachers Retirement System (STRS)</i>				
Career Center's Proportion of the Net Pension Liability	0.02851683%	0.02857932%	0.03042635%	0.03056566%
Career Center's Proportionate Share of the Net Pension Liability	\$ 6,900,058	\$ 6,320,145	\$ 6,690,071	\$ 7,260,938
Career Center's Covered Payroll	\$ 3,457,129	\$ 3,345,393	\$ 3,424,300	\$ 3,384,336
Career Center's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	199.59%	188.92%	195.37%	214.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.31%	75.30%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

2017	2016	2015	2014
0.02852680%	0.02925500%	0.03023500%	0.03023500%
\$ 2,087,899	\$ 1,669,319	\$ 1,530,176	\$ 1,797,978
\$ 919,914	\$ 935,539	\$ 887,446	\$ 1,258,519
226.97%	178.43%	172.42%	142.86%
62.98%	69.16%	71.70%	65.52%
0.03062910%	0.03313365%	0.03235076%	0.03235076%
\$ 10,252,483	\$ 9,157,172	\$ 7,868,824	\$ 9,373,292
\$ 3,304,057	\$ 3,498,057	\$ 3,559,615	\$ 3,666,346
310.30%	261.78%	221.06%	255.66%
66.80%	72.10%	74.70%	69.30%

See accompanying notes to the required supplementary information.

Portage Lakes Career Center
Summit County, Ohio
Required Supplementary Information
Schedule of Career Center Contributions - Pension
Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>School Employees Retirement System (SERS)</i>					
Contractually Required Contribution	\$ 137,457	\$ 133,348	\$ 113,518	\$ 117,949	\$ 119,421
Contributions in Relation to the Contractually Required Contribution	<u>(137,457)</u>	<u>(133,348)</u>	<u>(113,518)</u>	<u>(117,949)</u>	<u>(119,421)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Career Center's Covered Payroll	\$ 981,836	\$ 952,486	\$ 840,874	\$ 873,696	\$ 853,007
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%	14.00%
<i>State Teachers Retirement System (STRS)</i>					
Contractually Required Contribution	\$ 481,959	\$ 483,998	\$ 468,355	\$ 479,402	\$ 473,807
Contributions in Relation to the Contractually Required Contribution	<u>(481,959)</u>	<u>(483,998)</u>	<u>(468,355)</u>	<u>(479,402)</u>	<u>(473,807)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Career Center's Covered Payroll	\$ 3,442,564	\$ 3,457,129	\$ 3,345,393	\$ 3,424,300	\$ 3,384,336
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 128,788	\$ 123,304	\$ 123,000	\$ 174,179	\$ 142,302
<u>(128,788)</u>	<u>(123,304)</u>	<u>(123,000)</u>	<u>(174,179)</u>	<u>(142,302)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 919,914	\$ 935,539	\$ 887,446	\$ 1,258,519	\$ 1,058,007
14.00%	13.18%	13.86%	13.84%	13.45%
\$ 462,568	\$ 489,728	\$ 462,750	\$ 476,625	\$ 493,299
<u>(462,568)</u>	<u>(489,728)</u>	<u>(462,750)</u>	<u>(476,625)</u>	<u>(493,299)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,304,057	\$ 3,498,057	\$ 3,559,615	\$ 3,666,346	\$ 3,794,608
14.00%	14.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

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Portage Lakes Career Center
Summit County, Ohio
Required Supplementary Information
Schedule of the Career Center's Proportionate Share of the Net OPEB Asset/Liability
Last Five Fiscal Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>School Employees Retirement System (SERS)</i>					
Career Center's Proportion of the Net OPEB Liability	0.024829%	0.022435%	0.02401310%	0.02577450%	0.02623491%
Career Center's Proportionate Share of the Net OPEB Liability	\$ 539,622	\$ 564,201	\$ 666,188	\$ 691,720	\$ 747,792
Career Center's Covered Payroll	\$ 952,486	\$ 840,874	\$ 873,696	\$ 853,007	\$ 919,914
Career Center's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	56.65%	67.10%	76.25%	81.09%	81.29%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%
<i>State Teachers Retirement System (STRS)</i>					
Career Center's Proportion of the Net OPEB Liability (Asset)	0.028517%	0.028579%	0.03042635%	0.03056566%	0.03062910%
Career Center's Proportionate Share of the Net OPEB Liability (Asset)	\$ (501,186)	\$ (473,337)	\$ (488,920)	\$ 1,192,559	\$ 1,638,052
Career Center's Covered Payroll	\$ 3,457,129	\$ 3,345,393	\$ 3,424,300	\$ 3,384,336	\$ 3,304,057
Career Center's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.50%	-14.15%	-14.28%	35.24%	49.58%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.13%	174.74%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Portage Lakes Career Center
Summit County, Ohio
Required Supplementary Information
Schedule of Career Center Contributions - OPEB
Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution (1)	\$ 3,815	\$ 749	\$ 6,148	\$ 6,049
Contributions in Relation to the Contractually Required Contribution	<u>(3,815)</u>	<u>(749)</u>	<u>(6,148)</u>	<u>(6,049)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Career Center's Covered Payroll	\$ 981,836	\$ 952,486	\$ 840,874	\$ 873,696
OPEB Contributions as a Percentage of Covered Payroll (1)	0.39%	0.08%	0.73%	0.69%
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Career Center's Covered Payroll	\$ 3,442,564	\$ 3,457,129	\$ 3,345,393	\$ 3,424,300
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 2,467	\$ 1,103	\$ 8,215	\$ 5,243	\$ 14,869	\$ 15,130
<u>(2,467)</u>	<u>(1,103)</u>	<u>(8,215)</u>	<u>(5,243)</u>	<u>(14,869)</u>	<u>(15,130)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 853,007	\$ 919,914	\$ 935,539	\$ 887,446	\$ 1,258,519	\$ 1,058,007
0.29%	0.12%	0.88%	0.59%	1.18%	1.43%
\$ -	\$ -	\$ -	\$ 35,596	\$ 36,663	\$ 37,946
<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,596)</u>	<u>(36,663)</u>	<u>(37,946)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,384,336	\$ 3,304,057	\$ 3,498,057	\$ 3,559,615	\$ 3,666,346	\$ 3,794,608
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information.

Portage Lakes Career Center
Summit County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions - SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3.0 percent was used.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- 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.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Changes in Assumptions – STRS

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long-term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - SERS

With the authority granted to the Board under SB 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Changes in Benefit Terms - STRS

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

Portage Lakes Career Center
Summit County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:

Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare

Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 5.00 percent

Medicare

Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

Changes in Assumptions – STRS

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -4.93 percent to 9.62 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11.00 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.23 percent to 5.00 percent initially and a 4.00 percent ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future

Portage Lakes Career Center
Summit County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Benefit Terms – STRS

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

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

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

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF THE TREASURY			
Passed Through Ohio Department of Education			
COVID-19 Coronavirus Relief Fund	21.019	063495-5CV1-2021	13,674
Passed Through Summit County, Ohio			
COVID-19 Coronavirus Relief Fund	21.019	Not Available	<u>25,000</u>
Total COVID-19 Coronavirus Relief Fund			<u>38,674</u>
Total U.S. Department of the Treasury			<u>38,674</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Direct Program</i>			
Federal Pell Grant Program	84.063	Not Available	\$401,037
Federal Direct Student Loans	84.268	Not Available	<u>634,073</u>
Total Student Financial Aid Cluster			<u>1,035,110</u>
Passed Through Ohio Department of Education			
Career and Technical Education - Basic Grants to States	84.048	063495-3L90-2021	131,572
COVID-19 Education Stabilization Fund	84.425C	063495-3HQ0-2021	<u>67,805</u>
Total U.S. Department of Education			<u>1,234,487</u>
Total Expenditures of Federal Awards			<u><u>\$1,273,161</u></u>

The accompanying notes are an integral part of this schedule.

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Portage Lakes Career Center (the Career Center) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Career Center, it is not intended to and does not present the financial position or changes in net position of the Career Center.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

OHIO AUDITOR OF STATE KEITH FABER



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

Portage Lakes Career Center
Summit County
4401 Shriver Road
Uniontown, Ohio 44685

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Portage Lakes Career Center, Summit County, (the Center) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated March 16, 2022, wherein we noted the Center implemented Governmental Accounting Standards Board Statement No. 84. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Center.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2021-001 to be a material weakness.

Compliance and Other Matters

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

Center's Response to Finding

The Center's response to the finding identified in our audit is described in the accompanying schedule of findings and / or corrective action plan. We did not subject the Center's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

March 16, 2022

OHIO AUDITOR OF STATE KEITH FABER



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

Portage Lakes Career Center
Summit County
4401 Shriver Road
Uniontown, Ohio 44685

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

March 16, 2022

**PORTAGE LAKES CAREER CENTER
SUMMIT COUNTY**

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

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)?	Yes
(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 Aid Cluster (84.063 and 84.268)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

Financial Reporting

FINDING NUMBER 2021-001

MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Sound financial reporting is the responsibility of the Treasurer and Board of Education and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. The Career Center did not have policies and procedures in place for certain financial statement accounts, which led to the following proposed audit adjustments to the financial statements:

- The financial statements excluded intergovernmental revenue and pupil support services expenditures of \$38,674 from other governmental funds related to the Coronavirus Relief Fund. The financial statements were updated to reflect this adjustment.
- The financial statements excluded operating grants, contributions and interest and pupil support services expenses of \$38,674 from governmental activities related to the Coronavirus Relief Fund. The financial statements were updated to reflect this adjustment.

To help ensure the Career Center's financial statements are complete and accurate, the Career Center should adopt policies and procedures to identify and correct errors and omissions. In addition, the Career Center should review the financial statements and notes prior to submission for audit.

Official's Response:

Internal reviews and related reporting procedures are being strengthened to prevent such issues from occurring in the future.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2021

Finding Number: 2021-001
Planned Corrective Action: Internal reviews and related reporting procedures are being strengthened
Anticipated Completion Date: February 17, 2022
Responsible Contact Person: Chris Wright, Treasurer

|

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OHIO AUDITOR OF STATE KEITH FABER



PORTAGE LAKES CAREER CENTER

SUMMIT 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 3/31/2022

88 East Broad Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
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