

**TRUMBULL CAREER  
AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

**SINGLE AUDIT REPORT**

**FOR THE FISCAL YEAR  
ENDED JUNE 30, 2021**

***James G. Zupka, CPA, Inc.***  
**Certified Public Accountants**



OHIO AUDITOR OF STATE  
KEITH FABER



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Board Members  
Trumbull Career and Technical Center  
528 Educational Highway  
Warren, Ohio 44483

We have reviewed the *Independent Auditor's Report* of the Trumbull Career and Technical Center, Trumbull County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber  
Auditor of State  
Columbus, Ohio

February 10, 2022

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**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO  
SINGLE AUDIT REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**JAMES G. ZUPKA, C.P.A., INC.**

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Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

To the Members of Board of Education  
Trumbull Career and Technical Center  
Warren, Ohio

The Honorable Keith Faber  
Auditor of State  
State of Ohio

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Trumbull Career and Technical Center, Trumbull 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Trumbull Career and Technical Center as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 17 to the basic financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Center. As discussed in Note 20 to the basic financial statements, the school foundation aid received from the State of Ohio will be funded through the direct funding model. Our opinion is not modified with respect to these matters.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of Net Pension and Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Center's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of 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 basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



James G. Zupka, CPA, Inc.  
Certified Public Accountants

December 30, 2021

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**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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

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

**Financial Highlights**

Key financial highlights for fiscal year 2021 are as follows:

- In total, net position decreased (\$598,643). Net position of governmental activities decreased (\$543,779), which represents a 240.31% decrease from June 30, 2020's net position. Net position of business-type activities decreased (\$54,864) from June 30, 2020's net position.
- General revenues of the governmental activities accounted for \$11,670,651 in revenue or 64.61% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for \$6,392,893 or 35.39% for total revenues of \$18,063,544.
- The Center had \$18,398,039 in expenses related to governmental activities; only \$6,392,893 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$11,670,651 were not adequate to provide for these programs.
- The Center had \$1,385,904 in expenses related to business-type activities; \$1,105,758 of these expenses were offset by program specific charges for services and grants and contributions. General revenues supporting business-type activities of \$15,998 and transfers in of \$209,284 were not adequate to support these programs.
- The Center's major governmental fund is the general fund. The general fund had \$16,071,170 in revenues and \$15,656,692 in expenditures and other financing uses. The general fund's fund balance increased \$414,478 from \$10,653,558 to \$11,068,036.

**Reporting the Center as a Whole**

***Statement of Net Position and the Statement of Activities***

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

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

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

Governmental Activities - Most of the Center's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, food service operations and dental and vision self-insurance.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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

Business-Type Activities - These services are provided on charges for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The Center's adult education program is reported as business activities.

The Center's statement of net position and statement of activities can be found on pages 17-19 of this report.

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

***Fund Financial Statements***

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

***Governmental Funds***

Most of the Center's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the Center's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 20-24 of this report.

***Proprietary Funds***

The Center maintains proprietary funds. The Center maintains one enterprise fund that accounts for the Center's adult education operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Center's various functions. The Center's internal service fund accounts for self-insurance of the Center's dental and vision benefits. The basic proprietary fund financial statements can be found on pages 25-27 of this report.

**Reporting the Center's Fiduciary Responsibilities**

The Center is the fiscal agent for the High School That Works regional grant. This activity is presented as a custodial fund. All of the Center's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 28 and 29. These activities are excluded from the Center's other financial statements because the assets cannot be utilized by the Center to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 31-71 of this report.

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Center's net pension liability and net OPEB liability/asset. The required supplementary information can be found on pages 74-89 of this report.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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

**The Center as a Whole**

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

	<b>Net Position</b>					
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b><u>Assets</u></b>						
Current assets	\$ 21,760,754	\$ 21,056,056	\$ 6,082	\$ (38,530)	\$ 21,766,836	\$ 21,017,526
Net OPEB asset	1,120,800	1,027,119	71,735	80,978	1,192,535	1,108,097
Capital assets, net	<u>9,349,585</u>	<u>9,556,075</u>	<u>114,053</u>	<u>119,597</u>	<u>9,463,638</u>	<u>9,675,672</u>
Total assets	<u>32,231,139</u>	<u>31,639,250</u>	<u>191,870</u>	<u>162,045</u>	<u>32,423,009</u>	<u>31,801,295</u>
<b><u>Deferred outflows of resources</u></b>						
Pension	3,735,859	3,236,780	317,358	386,260	4,053,217	3,623,040
OPEB	<u>465,625</u>	<u>251,943</u>	<u>66,578</u>	<u>55,621</u>	<u>532,203</u>	<u>307,564</u>
Total deferred outflows of resources	<u>4,201,484</u>	<u>3,488,723</u>	<u>383,936</u>	<u>441,881</u>	<u>4,585,420</u>	<u>3,930,604</u>
<b><u>Liabilities</u></b>						
Current liabilities	1,819,625	1,863,792	17,165	25,780	1,836,790	1,889,572
Long-term liabilities:						
Due within one year	758,856	527,796	30,475	24,753	789,331	552,549
Net pension liability	19,470,361	17,056,768	1,253,887	1,287,684	20,724,248	18,344,452
Net OPEB liability	1,233,440	1,317,859	81,299	81,400	1,314,739	1,399,259
Other amounts	<u>4,938,620</u>	<u>5,410,741</u>	<u>28,347</u>	<u>29,063</u>	<u>4,966,967</u>	<u>5,439,804</u>
Total liabilities	<u>28,220,902</u>	<u>26,176,956</u>	<u>1,411,173</u>	<u>1,448,680</u>	<u>29,632,075</u>	<u>27,625,636</u>
<b><u>Deferred inflows of resources</u></b>						
Property taxes	6,707,991	6,323,839	-	-	6,707,991	6,323,839
Pension	230,117	1,121,020	148,359	85,058	378,476	1,206,078
OPEB	<u>2,043,677</u>	<u>1,732,443</u>	<u>133,499</u>	<u>132,549</u>	<u>2,177,176</u>	<u>1,864,992</u>
Total deferred inflows of resources	<u>8,981,785</u>	<u>9,177,302</u>	<u>281,858</u>	<u>217,607</u>	<u>9,263,643</u>	<u>9,394,909</u>
<b><u>Net Position</u></b>						
Net investment in capital assets	5,772,676	5,627,177	114,053	119,597	5,886,729	5,746,774
Restricted	504,456	436,156	-	-	504,456	436,156
Unrestricted (deficit)	<u>(6,997,196)</u>	<u>(6,289,618)</u>	<u>(1,231,278)</u>	<u>(1,181,958)</u>	<u>(8,228,474)</u>	<u>(7,471,576)</u>
Total net position	<u>\$ (720,064)</u>	<u>\$ (226,285)</u>	<u>\$ (1,117,225)</u>	<u>\$ (1,062,361)</u>	<u>\$ (1,837,289)</u>	<u>\$ (1,288,646)</u>

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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

The net pension liability (NPL) is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions— an Amendment of GASB Statement 27" and the net OPEB liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB).

For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Center's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and net OPEB asset.

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

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

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

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

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

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

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

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

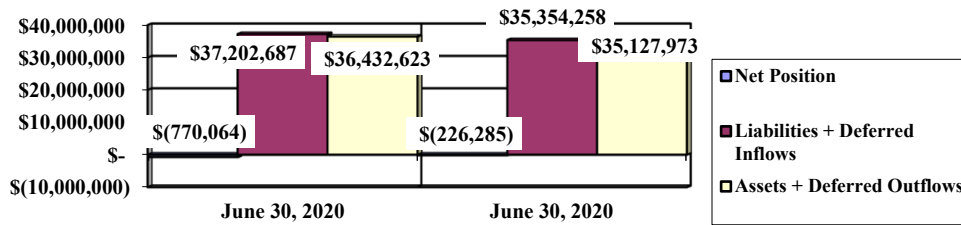
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Governmental activities assets increased \$591,889 or 1.87% from June 30, 2020. The most significant increases occurred in the area of current assets which increased \$704,698 compared to June 30, 2020.

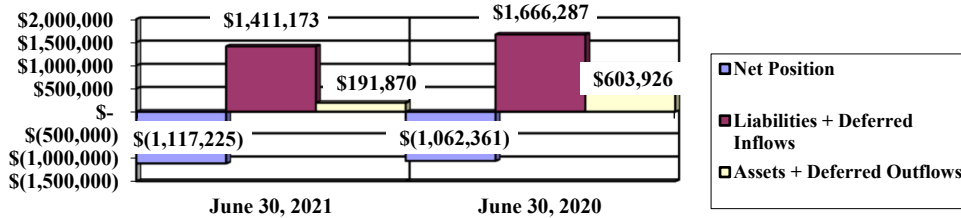
The Center's net pension liability for governmental activities increased by \$2,413,593. These changes were the result of fluctuations in the pension system.

The graphs below present the Center's governmental and business-type assets, liabilities, deferred inflows of resources and net position at June 30, 2021 and June 30, 2020.

**Governmental - Net Position**



**Business-Type - Net Position**



The table on the next page shows the changes in net position for governmental activities and business-type activities for fiscal years 2021 and 2020. The table below shows the change in net position for fiscal years 2021 and 2020.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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

**Change in Net Position**

	<u>Governmental</u>		<u>Business-Type</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 572,010	\$ 851,423	\$ 895,724	\$ 970,891	\$ 1,467,734	\$ 1,822,314
Operating grants and contributions	5,820,883	5,281,418	210,034	178,554	6,030,917	5,459,972
General revenues:						
Property taxes	6,435,061	6,653,047	-	-	6,435,061	6,653,047
Grants and entitlements	4,904,010	4,910,163	-	-	4,904,010	4,910,163
Investment earnings	21,654	340,962	-	-	21,654	340,962
Other	<u>309,926</u>	<u>103,749</u>	<u>15,998</u>	<u>75,691</u>	<u>325,924</u>	<u>179,440</u>
Total revenues	<u>18,063,544</u>	<u>18,140,762</u>	<u>1,121,756</u>	<u>1,225,136</u>	<u>19,185,300</u>	<u>19,365,898</u>
<b>Expenses</b>						
Program expenses:						
Instruction:						
Regular	3,724,128	3,419,590	-	-	3,724,128	3,419,590
Special	725,086	728,641	-	-	725,086	728,641
Vocational	5,588,183	5,516,018	-	-	5,588,183	5,516,018
Adult/continuing	378,200	348,379	-	-	378,200	348,379
Support services:						
Pupil	1,781,055	1,535,929	-	-	1,781,055	1,535,929
Instructional staff	299,702	353,562	-	-	299,702	353,562
Board of education	40,023	49,291	-	-	40,023	49,291
Administration	2,387,815	2,335,792	-	-	2,387,815	2,335,792
Fiscal	1,247,322	650,213	-	-	1,247,322	650,213
Business	22,888	135,248	-	-	22,888	135,248
Operations and maintenance	1,356,802	1,033,398	-	-	1,356,802	1,033,398
Pupil transportation	19,690	34,605	-	-	19,690	34,605
Central	124,372	121,859	-	-	124,372	121,859
Operation of non-instructional services:						
Food service operations	361,895	405,853	-	-	361,895	405,853
Extracurricular activities	150,721	208,413	-	-	150,721	208,413
Interest and fiscal charges	190,157	206,506	-	-	190,157	206,506
Adult education	-	-	<u>1,385,904</u>	<u>1,430,309</u>	<u>1,385,904</u>	<u>1,430,309</u>
Total expenses	<u>18,398,039</u>	<u>17,083,297</u>	<u>1,385,904</u>	<u>1,430,309</u>	<u>19,783,943</u>	<u>18,513,606</u>
Increase (decrease) before transfers	(334,495)	1,057,465	(264,148)	(205,173)	(598,643)	852,292
Transfers	<u>(209,284)</u>	<u>(227,972)</u>	<u>209,284</u>	<u>227,972</u>	<u>-</u>	<u>-</u>
Changes in net position	(543,779)	829,493	(54,864)	22,799	(598,643)	852,292
Net position (deficit) at beginning of year	<u>(226,285)</u>	<u>(1,055,778)</u>	<u>(1,062,361)</u>	<u>(1,085,160)</u>	<u>(1,288,646)</u>	<u>(2,140,938)</u>
Net position (deficit) at end of year	<u>\$ (770,064)</u>	<u>\$ (226,285)</u>	<u>\$ (1,117,225)</u>	<u>\$ (1,062,361)</u>	<u>\$ (1,887,289)</u>	<u>\$ (1,288,646)</u>



**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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

**Governmental Activities**

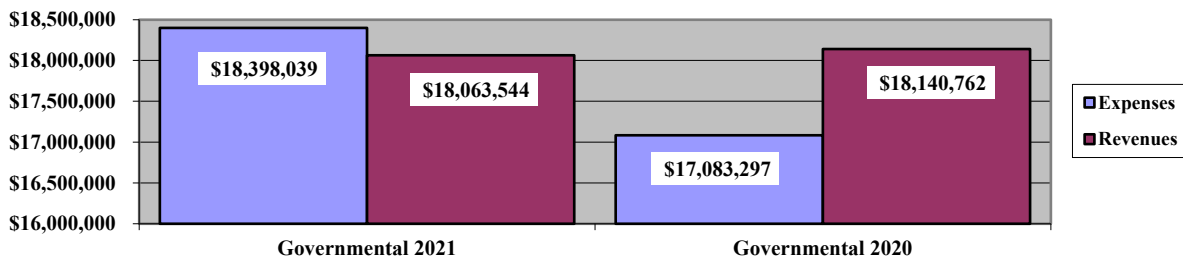
Net position of the Center's governmental activities decreased (\$770,064). Total governmental expenses of \$18,398,039 were offset by program revenues of \$6,392,893 and general revenues of \$11,670,651. Program revenues supported 34.75% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 62.77% of total governmental revenue. Real estate property is reappraised every six years. Operating grants and contributions increased due to an increase in special education and career tech foundation funding and federal vocational education funding.

Expenses of the governmental activities increased \$1,314,742 or 7.70%. This increase is primarily the result of an increase in wage and benefit expense.

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

**Governmental Activities - Revenues and Expenses**



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

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

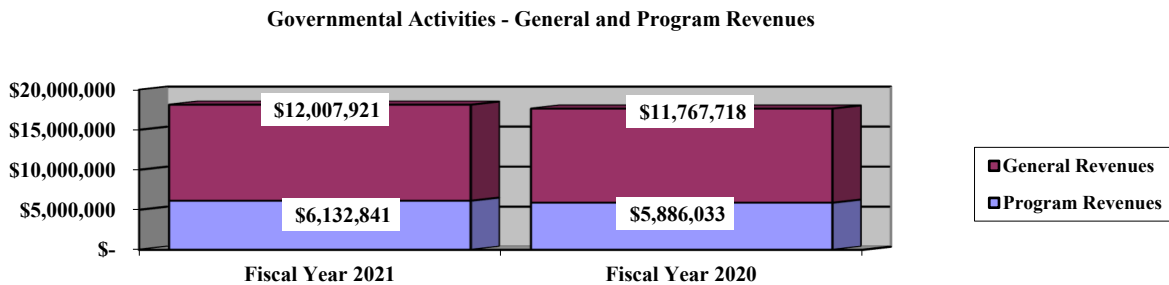
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Governmental Activities**

	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>
Program expenses:				
Instruction:				
Regular	\$ 3,724,128	\$ 3,723,653	\$ 3,419,590	\$ 3,418,771
Special	725,086	725,086	728,641	697,750
Vocational	5,588,183	982,650	5,516,018	409,450
Adult/continuing	378,200	172,206	348,379	175,941
Support services:				
Pupil	1,781,055	1,720,074	1,535,929	1,447,910
Instructional staff	299,702	267,758	353,562	320,905
Board of education	40,023	40,023	49,291	49,291
Administration	2,387,815	2,337,399	2,335,792	2,289,741
Fiscal	1,247,322	410,654	650,213	649,996
Business	22,888	22,888	135,248	135,248
Operations and maintenance	1,356,802	1,068,946	1,033,398	858,798
Pupil transportation	19,690	19,690	34,605	34,605
Central	124,372	72,101	121,859	79,762
Operation of non-instructional services:				
Food service operations	361,895	137,470	405,853	99,299
Extracurricular activities	150,721	114,391	208,413	76,483
Interest and fiscal charges	<u>190,157</u>	<u>190,157</u>	<u>206,506</u>	<u>206,506</u>
 Total expenses	 <u>\$ 18,398,039</u>	 <u>\$ 12,005,146</u>	 <u>\$ 17,083,297</u>	 <u>\$ 10,950,456</u>

The dependence upon tax revenues and grants and entitlements during fiscal year 2021 for governmental activities is apparent. For all governmental activities, general revenue support was 5.80% in 2021. The Center's taxpayers and unrestricted grants and entitlements are by far the primary support for Center's students.

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



**Business-Type Activities**

The Center's business-type activities consist of the adult education program. This program had revenues of \$1,121,756, expenses of \$1,385,904 and transfers in of \$209,284 for fiscal year 2021. The increase in expense was the result of costs associated with the Center's net pension/OPEB liability/asset and related deferred inflows/outflows. The Center's business activities receive no support from tax revenues.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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

**The Center's Funds**

The Center's governmental funds reported a combined fund balance of \$11,806,880 which is \$336,700 higher than last year's total of \$11,470,180. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2021 and 2020.

	<u>Fund Balance</u> <u>June 30, 2021</u>	<u>Fund Balance</u> <u>June 30, 2020</u>	<u>Change</u>
General	\$ 11,068,036	\$ 10,653,558	\$ 414,478
Other Governmental	738,844	816,622	(77,778)
<b>Total</b>	<b><u>\$ 11,806,880</u></b>	<b><u>\$ 11,470,180</u></b>	<b><u>\$ 336,700</u></b>

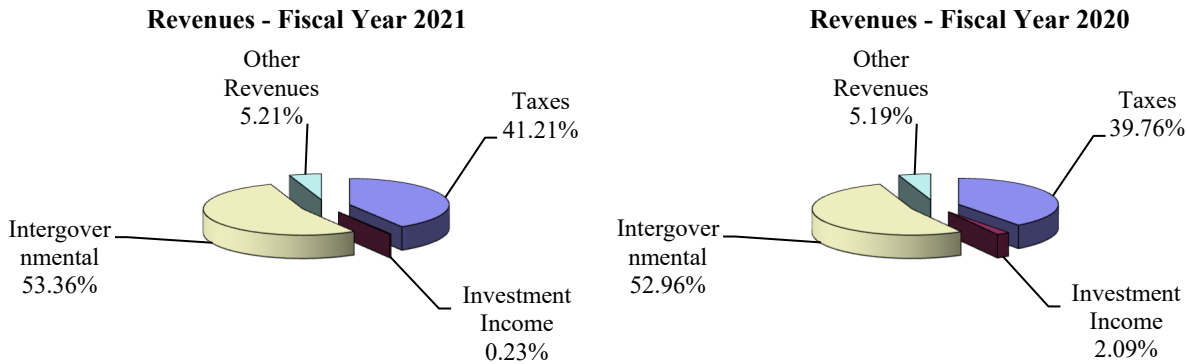
**General Fund**

The Center's general fund's fund balance increased by \$414,478.

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

	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 6,622,126	\$ 6,432,852	\$ 189,274	2.94 %
Earnings on investments	36,455	338,017	(301,562)	(89.22) %
Intergovernmental	8,575,781	8,568,256	7,525	0.09 %
Other revenues	836,808	839,418	(2,610)	(0.31) %
<b>Total</b>	<b><u>\$ 16,071,170</u></b>	<b><u>\$ 16,178,543</u></b>	<b><u>\$ (107,373)</u></b>	<b><u>(0.66) %</u></b>

Revenues of the general fund decreased \$107,373 or 0.66%. This was primarily due to a decrease in earnings on investments of \$301,562 or 89.22%. This decrease was the result of a decrease in interest rates earned on investments.



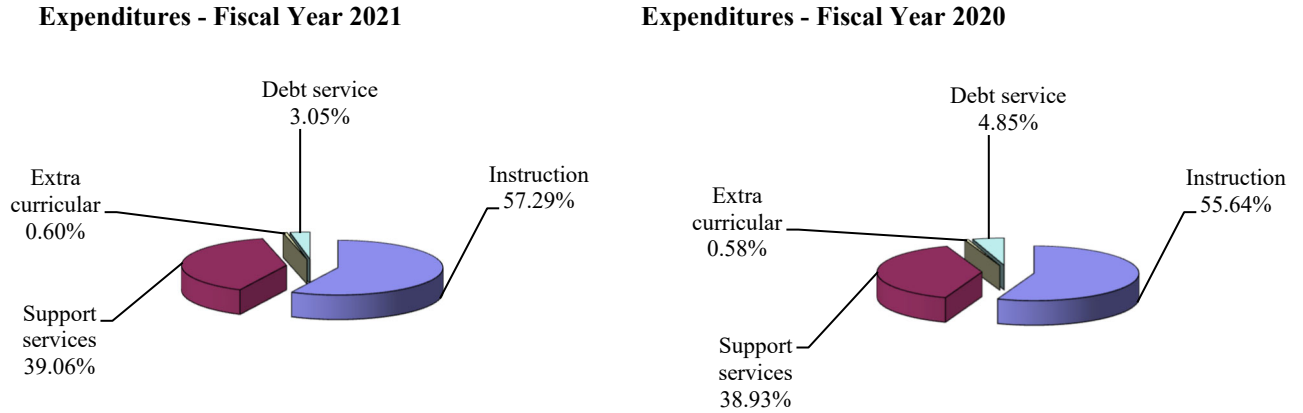
**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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

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

	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 8,811,244	\$ 8,375,122	\$ 436,122	5.21 %
Support services	6,006,794	5,860,049	146,745	2.50 %
Extracurricular activities	92,911	86,791	6,120	7.05 %
Debt service	<u>468,581</u>	<u>729,787</u>	<u>(261,206)</u>	(35.79) %
Total	<u>\$ 15,379,530</u>	<u>\$ 15,051,749</u>	<u>\$ 327,781</u>	2.18 %

Expenditures of the general fund increased \$327,781 or 2.18%. The most significant decrease was in instruction.



***General Fund Budgeting Highlights***

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

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

For the general fund, actual budgeted revenues and other financing sources were \$16,130,273, which was higher than original budget estimates of \$15,319,459.

General fund original appropriations (expenditures plus other financing uses) of \$15,844,466 were increased to \$15,948,399 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2021 totaled \$15,635,124, which was \$313,275 lower than final budget appropriations.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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

**Capital Assets and Debt Administration**

**Capital Assets**

At June 30, 2021, the Center had \$9,463,638 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. Of this total, \$9,349,585 was reported in governmental activities and \$114,053 was reported in business-type activities.

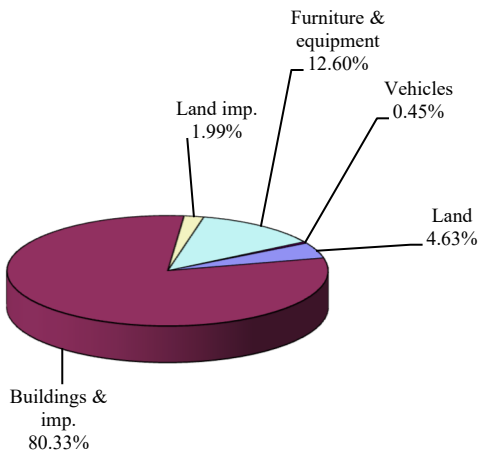
The following table shows June 30, 2021 balances compared to June 30, 2020:

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

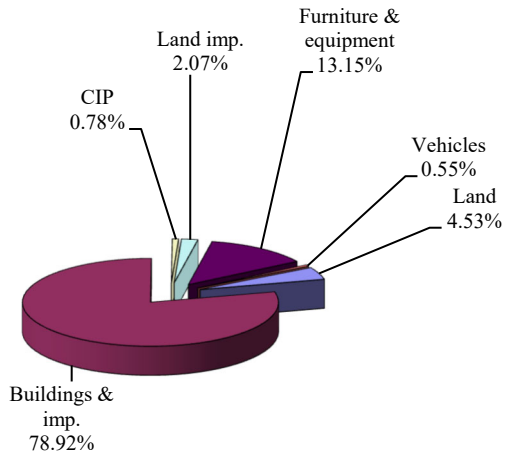
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 432,770	\$ 432,770	\$ -	\$ -	\$ 432,770	\$ 432,770
Construction-in-progress	-	74,986	-	-	-	74,986
Land improvements	185,794	197,495	-	-	185,794	197,495
Building and improvements	7,510,886	7,541,921	-	-	7,510,886	7,541,921
Furniture and equipment	1,177,596	1,256,444	114,053	119,597	1,291,649	1,376,041
Vehicles	42,539	52,459	-	-	42,539	52,459
<b>Total</b>	<b>\$ 9,349,585</b>	<b>\$ 9,556,075</b>	<b>\$ 114,053</b>	<b>\$ 119,597</b>	<b>\$ 9,463,638</b>	<b>\$ 9,675,672</b>

The following graphs show the breakdown of governmental activities capital assets by category for 2021 and 2020.

**Capital Assets - Governmental Activities  
2021**



**Capital Assets - Governmental Activities  
2020**



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

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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

***Debt Administration***

At June 30, 2021, the Center had an outstanding lease purchase agreement and capital lease of \$3,626,909. Of the balance, \$293,804 is due within one year and \$3,333,105 is due in more than one year.

The following table shows the June 30, 2021 balance compared to June 30, 2020:

**Outstanding Debt, at Year End**

	Governmental Activities	
	<u>2021</u>	<u>2020</u>
Capital Lease	\$ 69,909	\$ 102,333
OASBO Lease Purchase Agreement	<u>3,557,000</u>	<u>3,803,000</u>
Total	<u>\$ 3,626,909</u>	<u>\$ 3,905,333</u>

At June 30, 2021, the Center's overall legal debt margin was \$3,635,575,300 with an unvoted debt margin of 3,365,575.

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

**Current Financial Related Activity**

Overall the Center is strong financially. The Center relies heavily upon grants, State foundation and property taxes. The finances are stable for fiscal years 2021 through fiscal year 2022 due to the passage of a 2.4 mill renewal levy that passed in November of 2014 that will expire in January of 2026. The 2.4 mills represent approximately 36.00% of the total revenue the Center receives yearly.

The challenge for the Center's management is to continue to provide the resources necessary to meet student needs and to be able to stay within the five-year forecast. The five-year forecast is utilized by management in order to effectively manage the Center's resources to their fullest.

The State funding for schools is based on several factors all of which are subject to deliberations and approval of the Ohio General Assembly. House Bill 59, which was passed in June of 2013, has once again changed the way career centers are funded. The "freeze" for ADM is over and the Center is once again going to be paid for each student based on FTE/ADM, with a 6.5% increase cap in 2014 and a 10.25% cap in additional funding in 2015. During the 2016 fiscal year the Center was on "formula", then the "guarantee" and finally the "cap" for state funding payments. During the 2017 fiscal year, the Center remained on similar state funding payments as the previous year but showed a decrease in actual funding due to a decrease of about 20 students.

In June of 2015, the Career Center accepted a 20<sup>th</sup> school, Howland Local, to its previous 19 districts. Therefore, additional income from taxes and students was added to the budget starting in January 2016 and received the full tax amount in fiscal year 2017.

All of the Center's financial abilities will be needed to meet the financial challenges of the future.

**Contacting the Center's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Cody Holecko, Treasurer, Trumbull Career and Technical Center, 528 Educational Highway, Warren, Ohio 44483.

**TRUMBULL CAREER AND TECHNOLOGY CENTER  
TRUMBULL COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2021

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$ 13,653,536	\$ 2,466	\$ 13,656,002
Receivables:			
Property taxes	7,822,077	-	7,822,077
Accounts	-	16,763	16,763
Accrued interest	15,606	-	15,606
Intergovernmental	196,671	5,239	201,910
Prepayments	48,234	1,796	50,030
Materials and supplies inventory	1,189	-	1,189
Inventory held for resale	3,259	-	3,259
Internal balance	20,182	(20,182)	-
Net OPEB asset	1,120,800	71,735	1,192,535
Capital assets:			
Nondepreciable capital assets	432,770	-	432,770
Depreciable capital assets, net	8,916,815	114,053	9,030,868
Capital assets, net	<u>9,349,585</u>	<u>114,053</u>	<u>9,463,638</u>
Total assets	<u>32,231,139</u>	<u>191,870</u>	<u>32,423,009</u>
<b>Deferred outflows of resources:</b>			
Pension	3,735,859	317,358	4,053,217
OPEB	465,625	66,578	532,203
Total deferred outflows of resources	<u>4,201,484</u>	<u>383,936</u>	<u>4,585,420</u>
<b>Liabilities:</b>			
Accounts payable	43,148	3,742	46,890
Accrued wages and benefits payable	1,523,843	11,433	1,535,276
Intergovernmental payable	30,525	389	30,914
Pension and postemployment benefits payable	206,365	1,601	207,966
Unearned revenue	7,377	-	7,377
Claims payable	8,367	-	8,367
Long-term liabilities:			
Due within one year	758,856	30,475	789,331
Due in more than one year:			
Net pension liability	19,470,361	1,253,887	20,724,248
Net OPEB liability	1,233,440	81,299	1,314,739
Other amounts due in more than one year	4,938,620	28,347	4,966,967
Total liabilities	<u>28,220,902</u>	<u>1,411,173</u>	<u>29,632,075</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year	6,707,991	-	6,707,991
Pension	230,117	148,359	378,476
OPEB	2,043,677	133,499	2,177,176
Total deferred inflows of resources	<u>8,981,785</u>	<u>281,858</u>	<u>9,263,643</u>
<b>Net position:</b>			
Net investment in capital assets	5,722,676	114,053	5,836,729
Restricted for:			
State funded programs	258,837	-	258,837
Federally funded programs	81,184	-	81,184
Extracurricular programs	130,709	-	130,709
Other purposes	33,726	-	33,726
Unrestricted (deficit)	(6,997,196)	(1,231,278)	(8,228,474)
Total net position	<u>\$ (770,064)</u>	<u>\$ (1,117,225)</u>	<u>\$ (1,887,289)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNOLOGY CENTER  
TRUMBULL COUNTY, OHIO**

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

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
<b>Governmental activities:</b>			
Instruction:			
Regular	\$ 3,724,128	\$ -	\$ 475
Special	725,086	-	-
Vocational	5,588,183	352,282	4,253,251
Adult/continuing	378,200	-	205,994
Support services:			
Pupil	1,781,055	-	60,981
Instructional staff	299,702	-	31,944
Board of education	40,023	-	-
Administration	2,387,815	-	50,416
Fiscal	1,247,322	-	836,668
Business	22,888	-	-
Operations and maintenance	1,356,802	174,600	113,256
Pupil transportation	19,690	-	-
Central	124,372	-	52,271
Operation of non-instructional services:			
Food service operations	361,895	45,128	179,297
Extracurricular activities	150,721	-	36,330
Interest and fiscal charges	190,157	-	-
Total governmental activities	<u>18,398,039</u>	<u>572,010</u>	<u>5,820,883</u>
<b>Business-type activities:</b>			
Adult education	<u>1,385,904</u>	<u>895,724</u>	<u>210,034</u>
Total business-type activities	<u>1,385,904</u>	<u>895,724</u>	<u>210,034</u>
Totals	<u>\$ 19,783,943</u>	<u>\$ 1,467,734</u>	<u>\$ 6,030,917</u>

**General revenues:**

Property taxes levied for:

General purposes

Grants and entitlements not restricted to specific programs

Investment earnings

Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

**Net position at beginning of year**

**Net position at end of year**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**Net (Expense) Revenue  
and Changes in Net Position**

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (3,723,653)	\$ -	\$ (3,723,653)
(725,086)	-	(725,086)
(982,650)	-	(982,650)
(172,206)	-	(172,206)
(1,720,074)	-	(1,720,074)
(267,758)	-	(267,758)
(40,023)	-	(40,023)
(2,337,399)	-	(2,337,399)
(410,654)	-	(410,654)
(22,888)	-	(22,888)
(1,068,946)	-	(1,068,946)
(19,690)	-	(19,690)
(72,101)	-	(72,101)
(137,470)	-	(137,470)
(114,391)	-	(114,391)
(190,157)	-	(190,157)
<u>(12,005,146)</u>	<u>-</u>	<u>(12,005,146)</u>
-	(280,146)	(280,146)
-	(280,146)	(280,146)
<u>(12,005,146)</u>	<u>(280,146)</u>	<u>(12,285,292)</u>
6,435,061	-	6,435,061
4,904,010	-	4,904,010
21,654	-	21,654
309,926	15,998	325,924
<u>11,670,651</u>	<u>15,998</u>	<u>11,686,649</u>
<u>(209,284)</u>	<u>209,284</u>	<u>-</u>
<u>11,461,367</u>	<u>225,282</u>	<u>11,686,649</u>
(543,779)	(54,864)	(598,643)
(226,285)	(1,062,361)	(1,288,646)
<u>\$ (770,064)</u>	<u>\$ (1,117,225)</u>	<u>\$ (1,887,289)</u>

**TRUMBULL CAREER AND TECHNOLOGY CENTER  
TRUMBULL COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	<b>General</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$ 12,740,287	\$ 839,605	\$ 13,579,892
Receivables:			
Property taxes	7,822,077	-	7,822,077
Accrued interest	15,606	-	15,606
Interfund loans	105,535	-	105,535
Intergovernmental	76,726	119,945	196,671
Prepayments	47,959	275	48,234
Materials and supplies inventory	-	1,189	1,189
Inventory held for resale	-	3,259	3,259
Total assets	<u>\$ 20,808,190</u>	<u>\$ 964,273</u>	<u>\$ 21,772,463</u>
<b>Liabilities:</b>			
Accounts payable	\$ 36,785	\$ 6,363	\$ 43,148
Accrued wages and benefits payable	1,441,324	82,519	1,523,843
Compensated absences payable	246,917	22,575	269,492
Intergovernmental payable	29,027	1,498	30,525
Pension and postemployment benefit payable	195,770	10,595	206,365
Interfund loans payable	-	82,151	82,151
Total liabilities	<u>1,949,823</u>	<u>205,701</u>	<u>2,155,524</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year	6,707,991	-	6,707,991
Delinquent property tax revenue not available	1,073,966	-	1,073,966
Intergovernmental revenue not available	505	19,728	20,233
Accrued interest not available	7,869	-	7,869
Total deferred inflows of resources	<u>7,790,331</u>	<u>19,728</u>	<u>7,810,059</u>
<b>Fund balances:</b>			
Nonspendable:			
Materials and supplies inventory	-	1,189	1,189
Prepays	47,959	275	48,234
Restricted:			
State funded programs	-	258,837	258,837
Federally funded programs	-	73,756	73,756
Extracurricular activities	-	130,709	130,709
Other purposes	-	33,726	33,726
Committed:			
Capital projects	-	359,873	359,873
Termination benefits	343,805	-	343,805
Other purposes	217,768	-	217,768
Assigned:			
Student instruction	72,449	-	72,449
Student and staff support	49,808	-	49,808
Extracurricular activities	150	-	150
Unassigned (deficit)	<u>10,336,097</u>	<u>(119,521)</u>	<u>10,216,576</u>
Total fund balances	<u>11,068,036</u>	<u>738,844</u>	<u>11,806,880</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 20,808,190</u>	<u>\$ 964,273</u>	<u>\$ 21,772,463</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNOLOGY CENTER  
TRUMBULL COUNTY, OHIO**

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

<b>Total governmental fund balances</b>		\$	11,806,880
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			9,349,585
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds			
Property taxes receivable	\$	1,073,966	
Accrued interest receivable		7,869	
Intergovernmental receivable		20,233	
Total			1,102,068
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			54,698
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds			
Deferred outflows - pension		3,735,859	
Deferred inflows - pension		(230,117)	
Net pension liability		(19,470,361)	
Deferred outflows - OPEB		465,625	
Deferred inflows - OPEB		(2,043,677)	
Net OPEB asset		1,120,800	
Net OPEB liability		(1,233,440)	
Total			(17,655,311)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.			
Lease purchase agreements		(1,801,075)	
Capital lease obligations		(69,909)	
Compensated absences		(3,557,000)	
Total			(5,427,984)
<b>Net position of governmental activities</b>		<b>\$</b>	<b>(770,064)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNOLOGY CENTER  
TRUMBULL COUNTY, OHIO**

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

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
Property taxes	\$ 6,622,126	\$ -	\$ 6,622,126
Intergovernmental	8,575,781	2,089,566	10,665,347
Investment earnings	36,455	-	36,455
Tuition and fees	352,282	-	352,282
Extracurricular	7,303	36,330	43,633
Rental income	174,600	-	174,600
Charges for services	161,654	45,128	206,782
Contributions and donations	340	4,000	4,340
Miscellaneous	140,629	5,822	146,451
Total revenues	<u>16,071,170</u>	<u>2,180,846</u>	<u>18,252,016</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	3,463,981	750	3,464,731
Special	669,550	-	669,550
Vocational	4,677,713	761,816	5,439,529
Adult/continuing	-	205,390	205,390
Support services:			
Pupil	1,622,594	64,806	1,687,400
Instructional staff	253,203	31,982	285,185
Board of education	36,301	-	36,301
Administration	2,220,230	55,391	2,275,621
Fiscal	588,987	599,936	1,188,923
Business	22,888	-	22,888
Operations and maintenance	1,190,442	151,688	1,342,130
Pupil transportation	7,452	-	7,452
Central	64,697	59,675	124,372
Operation of non-instructional services			
Food service operations	-	342,102	342,102
Extracurricular activities	92,911	52,275	145,186
Facilities acquisition and construction	-	691	691
Debt service:			
Principal retirement	278,424	-	278,424
Interest and fiscal charges	190,157	-	190,157
Total expenditures	<u>15,379,530</u>	<u>2,326,502</u>	<u>17,706,032</u>
Excess (deficiency) of revenues over (under) expenditures	<u>691,640</u>	<u>(145,656)</u>	<u>545,984</u>
<b>Other financing sources (uses):</b>			
Transfers in	-	67,878	67,878
Transfers (out)	(277,162)	-	(277,162)
Total other financing sources (uses)	<u>(277,162)</u>	<u>67,878</u>	<u>(209,284)</u>
Net change in fund balances	414,478	(77,778)	336,700
<b>Fund balances at beginning of year</b>	<u>10,653,558</u>	<u>816,622</u>	<u>11,470,180</u>
<b>Fund balances at end of year</b>	<u>\$ 11,068,036</u>	<u>\$ 738,844</u>	<u>\$ 11,806,880</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNOLOGY CENTER  
TRUMBULL 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

<b>Net change in fund balances - total governmental funds</b>	\$	336,700
<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	\$ 455,370	
Current year depreciation	(568,998)	
Total		(113,628)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(92,862)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(187,065)	
Earnings on investments	(14,801)	
Intergovernmental	13,394	
Total		(188,472)
Repayment of lease purchase and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		278,424
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,391,075	
OPEB	7,442	
Total		1,398,517
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(2,414,686)	
OPEB	73,106	
Total		(2,341,580)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		204,586
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		(25,464)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>(543,779)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNOLOGY CENTER  
TRUMBULL COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Property taxes	\$ 6,374,478	\$ 6,842,216	\$ 6,609,011	\$ (233,205)
Intergovernmental	8,250,395	8,855,781	8,553,948	(301,833)
Investment earnings	288,059	309,195	298,657	(10,538)
Tuition and fees	339,781	364,713	352,282	(12,431)
Charges for services	61,689	66,216	63,959	(2,257)
Miscellaneous	5,057	5,428	5,243	(185)
Total revenues	<u>15,319,459</u>	<u>16,443,549</u>	<u>15,883,100</u>	<u>(560,449)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	3,357,166	3,396,813	3,396,813	-
Special	639,187	674,142	674,142	-
Vocational	4,276,804	4,327,170	4,327,170	-
Support services:				
Pupil	1,390,070	1,379,245	1,379,245	-
Instructional staff	310,027	248,423	248,423	-
Board of education	47,858	36,523	36,523	-
Administration	2,140,288	2,187,720	2,187,720	-
Fiscal	631,600	591,445	591,445	-
Business	21,441	21,961	21,961	-
Operations and maintenance	1,384,310	1,212,593	1,212,593	-
Pupil transportation	15,186	7,802	7,802	-
Central	82,851	56,020	56,020	-
Extracurricular activities	89,065	92,939	92,939	-
Debt service:				
Principal	247,046	246,000	246,000	-
Interest and fiscal charges	173,199	172,466	172,466	-
Bond issuance costs	13,368	13,311	13,311	-
Total expenditures	<u>14,819,466</u>	<u>14,664,573</u>	<u>14,664,573</u>	<u>-</u>
Excess of revenues over expenditures	<u>499,993</u>	<u>1,778,976</u>	<u>1,218,527</u>	<u>(560,449)</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures	-	(1)	888	889
Transfers (out)	(675,000)	(802,069)	(802,069)	-
Advances in	-	-	138,254	138,254
Advances (out)	(350,000)	(481,757)	(168,482)	313,275
Sale of capital assets	-	-	108,031	108,031
Total other financing sources (uses)	<u>(1,025,000)</u>	<u>(1,283,827)</u>	<u>(723,378)</u>	<u>560,449</u>
Net change in fund balance	(525,007)	495,149	495,149	-
<b>Fund balance at beginning of year</b>	11,263,873	11,263,873	11,263,873	-
<b>Prior year encumbrances appropriated</b>	53,668	53,668	53,668	-
<b>Fund balance at end of year</b>	<u>\$ 10,792,534</u>	<u>\$ 11,812,690</u>	<u>\$ 11,812,690</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNOLOGY CENTER  
TRUMBULL COUNTY, OHIO**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2021

	<b>Adult Education</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets:</b>		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 2,466	\$ 73,644
Receivables:		
Accounts	16,763	-
Intergovernmental	5,239	-
Prepayments	1,796	-
Total current assets	26,264	73,644
Noncurrent assets:		
Net OPEB asset	71,735	-
Depreciable capital assets, net	114,053	-
Total noncurrent assets	185,788	-
<b>Deferred outflows of resources:</b>		
Pension	317,358	-
OPEB	66,578	-
Total deferred outflows of resources	383,936	-
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	3,742	-
Accrued wages and benefits	11,433	-
Compensated absences	30,475	-
Pension obligation payable	1,601	-
Interfund loan payable	23,384	-
Intergovernmental payable	389	-
Claims payable	-	8,367
Unearned revenue	-	7,377
Total current liabilities	71,024	15,744
Long-term liabilities:		
Compensated absences payable	28,347	-
Net pension liability	1,253,887	-
Net OPEB liability	81,299	-
Total long-term liabilities	1,363,533	-
Total liabilities	1,434,557	15,744
<b>Deferred inflows of resources:</b>		
Pension	148,359	-
OPEB	133,499	-
Total deferred inflows of resources	281,858	-
<b>Net position:</b>		
Investment in capital assets	114,053	-
Unrestricted	(1,234,480)	57,900
Total net position	\$ (1,120,427)	\$ 57,900
Adjustments to reflect the consolidation of the internal service fund activities related to enterprise funds.		
	3,202	
Net position of business-type activities	(1,117,225)	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNOLOGY CENTER  
TRUMBULL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<b>Adult Education</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>		
Tuition and fees	\$ 895,724	\$ -
Charges for sales and services	-	104,699
Other	15,998	-
Total operating revenues	<u>911,722</u>	<u>104,699</u>
<b>Operating expenses:</b>		
Personal services	898,683	-
Purchased services	272,561	13,682
Materials and supplies	183,134	-
Other	25,255	12,531
Claims	-	104,677
Depreciation	5,544	-
Total operating expenses	<u>1,385,177</u>	<u>130,890</u>
Operating loss	<u>(473,455)</u>	<u>(26,191)</u>
<b>Nonoperating revenues:</b>		
Grants and subsidies	210,034	-
Total nonoperating revenues	<u>210,034</u>	<u>-</u>
Loss before transfers	(263,421)	(26,191)
Transfer in	<u>209,284</u>	<u>-</u>
Change in net position	(54,137)	(26,191)
<b>Net position at beginning of year</b>	<u>(1,066,290)</u>	<u>84,091</u>
<b>Net position at end of year</b>	<u>\$ (1,120,427)</u>	<u>\$ 57,900</u>
Change in net position	(54,137)	
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds.	<u>(727)</u>	
Change in net position	<u>(54,864)</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**TRUMBULL CAREER AND TECHNOLOGY CENTER  
TRUMBULL COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<b>Adult Education</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>		
Cash received from tuition and fees	\$ 933,553	\$ -
Cash received from charges for sales and services	-	104,074
Cash received from other operations	15,998	-
Cash payments for personal services	(799,001)	-
Cash payments for contractual services	(274,721)	(13,990)
Cash payments for materials and supplies	(183,288)	-
Cash payments for claims	-	(101,375)
Cash payments for other expenses	(28,630)	(12,531)
	(336,089)	(23,822)
Net cash used in operating activities		
<b>Cash flows from noncapital financing activities:</b>		
Cash received from grants and subsidies	210,034	-
Cash received from transfers in	209,284	-
Cash received from interfund loans	23,384	-
Cash used in repayment of interfund loans	(107,416)	-
	335,286	-
Net cash provided by noncapital financing activities		
Net change in cash and cash equivalents	(803)	(23,822)
<b>Cash and cash equivalents at beginning of year</b>	<b>3,269</b>	<b>97,466</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 2,466</b>	<b>\$ 73,644</b>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss	\$ (473,455)	\$ (26,191)
Adjustments:		
Depreciation	5,544	-
Changes in assets and liabilities:		
Accounts receivable	19,737	-
Intergovernmental receivable	18,092	-
Prepayments	61	-
Net OPEB asset	9,243	-
Deferred outflows - pension	68,902	-
Deferred outflows - OPEB	(10,957)	-
Accrued wages and benefits	1,622	-
Intergovernmental payable	(6,807)	-
Compensated absences payable	5,006	-
Pension and postemployment benefits payable	227	-
Net pension liability	(33,797)	-
Net OPEB liability	81,299	-
Deferred inflows - pension	63,301	-
Deferred inflows - OPEB	950	-
Accounts payable	(3,657)	(308)
Unearned revenue	(81,400)	(625)
Claims payable	-	3,302
	(336,089)	(23,822)
Net cash used in operating activities	<b>\$ (336,089)</b>	<b>\$ (23,822)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNOLOGY CENTER  
TRUMBULL COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUND  
JUNE 30, 2021

	<b>Custodial</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 47
Due from other governments	88,088
Prepayments	1,783
Total assets	89,918
<b>Liabilities:</b>	
Accounts payable	300
Accrued wages and benefits	10,948
Intergovernmental payable	76,354
Pension and postemployment benefits payable	1,283
Total liabilities	88,885
<b>Net position:</b>	
Restricted for individuals, organizations and other governments	1,033
Total net position	\$ 1,033

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TRUMBULL CAREER AND TECHNOLOGY CENTER  
TRUMBULL COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Custodial</u>
<b>Additions:</b>	
Amounts received as fiscal agent	\$ 499,255
Total additions	<u>499,255</u>
<b>Deductions:</b>	
Distributions as fiscal agent	<u>501,445</u>
Total deductions	<u>501,445</u>
Change in net position	(2,190)
<b>Net position at beginning of year</b>	<u>3,223</u>
<b>Net position at end of year</b>	<u>\$ 1,033</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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

**NOTE 1 - DESCRIPTION OF THE CENTER**

The Trumbull County Joint Vocational School District was formed on June 30, 1970 and subsequently became the Trumbull Career and Technical Center (the "Center") on July 1, 2000. The Center is a body politic and corporate established under Section 3311.18 of the Ohio Revised Code for the purpose of exercising the right and privileges conveyed to it by the constitution and laws of the State of Ohio. The Center includes 15 local school districts: Bloomfield-Mespo Local, Bristol Local, Brookfield Local, Champion Local, Joseph Badger Local, LaBrae Local, Lakeview Local, Liberty Local, Lordstown Local, Maplewood Local, Mathews Local, McDonald Local, Southington Local, Weathersfield Local, Howland Local, and one representative each from Warren City, Girard City, Newton Falls Exempted Village, Niles City and Hubbard Exempted Village.

The Center has been supported by a 2.4 mil 10 year renewal operating levy and by funds from the State of Ohio Joint Vocational School Foundation Program.

The Center provides job training leading to employment upon graduation from high school. The Center fosters cooperative relationships with business and industry, professional organizations, participating school districts and other interested, concerned groups and organizations to consider, plan and implement education programs designed to meet the common needs and interests of students.

Board Resolution No. 02-63 states that the Center shall operate under a twenty-member Board of Education consisting of 1 member from each member school's board of education and each Board Member shall serve one, two and three year terms and thereafter, successors to these members shall serve for successive two year terms so that no more than five members are appointed each year. The Center provides educational services as authorized and mandated by State or federal agencies. The Center employs 41 non-certified and 96 certified employees to provide services to approximately 842 students.

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

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

**A. Reporting Entity**

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

Component units are legally separate organizations for which the Center is financially accountable. The Center is financially accountable for an organization if the Center appoints a voting majority of the organization's Governing Board and (1) the Center is able to significantly influence the programs or services performed or provided by the organization; or (2) the Center is legally entitled to or can otherwise access the organization's resources; or (3) the Center is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the Center is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Center in that the Center approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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

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

Based upon the application of these criteria, the Center has no component units. The basic financial statements of the reporting entity include only those of the Center (the primary government).

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

*JOINTLY GOVERNED ORGANIZATION*

North East Ohio Management Information Network (NEOMIN)

NEOMIN is a jointly governed organization among twenty-eight school districts and two educational service centers. The organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to the administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board, which consists of ten members; the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County school districts, and a principal and a treasurer (non-voting members who must be employed by a participating school district, or fiscal agent of NEOMIN). The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained from the Trumbull County Educational Service Center, 6000 Youngstown-Warren Road, Niles, Ohio 44446.

*PUBLIC ENTITY RISK POOL*

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The Center participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP) was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

The Executive Director of the OASBO, or his designee, serves as coordinator of the GRP. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Trumbull County Schools Employee Insurance Benefit Consortium Association

The Trumbull County Schools Employee Insurance Benefit Consortium Association (the "Consortium") is a shared risk pool comprised of fifteen Trumbull County school districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly exercises controls over the operations of the Consortium. All Consortium revenues are generated from charges for services and remitted to the fiscal agent Trumbull County Educational Service Center. The fiscal agent will then remit the charges for services to Watson Wyatt Worldwide in Cleveland, Ohio, an agent of Medical Mutual, who acts in the capacity of a third-party administrator (TPA) for claims processing.

**B. Fund Accounting**

The Center uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain center activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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

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

*GOVERNMENTAL FUNDS*

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

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

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

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the Center's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration.

The following are the Center's proprietary funds:

Enterprise fund - The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Center has one enterprise fund to account for adult education programs. This fund is considered a major enterprise fund.

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Center, or to other governments, on a cost-reimbursement basis. The only internal service fund of the Center accounts for a self-insurance program which provides vision and dental benefits to employees.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Center's only custodial fund accounts for the High School That Works regional grant for which the Center is the fiscal agent.

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

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

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

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Center that are governmental and those that are considered business-type activities. Internal service fund activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Center and for each function or program of the Center's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Center. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Center.

Fund Financial Statements - Fund financial statements report detailed information about the Center. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current deferred outflows of resources, current liabilities, current deferred inflows of resources and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Center's internal service fund is charges for sales and services. The principal operating revenues of the Center's enterprise fund is tuition and fees for adult education. Operating expenses for the internal service fund includes claims expenses. Operating expenses for the enterprise fund primarily includes the cost of personal services, purchased services and materials and supplies. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.



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

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

**D. Basis of Accounting**

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

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

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

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

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

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

**E. Budgets**

The Center is required by State statute to adopt an annual appropriated cash basis budget for all funds except custodial funds. The specific timetable for fiscal year 2021 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the Center must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the Center Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the Center Treasurer. The amounts reported as the original and final budgeted revenue amount in the budgetary statement reflect the amounts set forth in the original and final amended certificate of estimated resources issued for fiscal year 2021.
4. By July 1, the Annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year). Although the legal level of budgetary control was established at the fund level of expenditures, the Center has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriations.

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

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

7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated, increased or decreased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2021. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On fund financial statements, encumbrances outstanding at year end (not already recorded in accounts payable) are reported as a component of assigned fund balance for subsequent-year expenditures for governmental funds.

**F. Cash and Investments**

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

During fiscal year 2021, investments were limited to U.S. Government money market, Federal Home Loan Bank (FHLB) bonds, Federal Home Loan Mortgage Corporation (FHLMC) bonds, Federal Farm Credit Bank (FFCB) bonds, Federal National Mortgage Association (FNMA) bonds, U.S. Treasury notes, negotiable certificates of deposit, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments, except for STAR Ohio, are reported at fair value which is based on quoted market prices. Non-participating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

During fiscal year 2021, the Center invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Center measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For the fiscal year 2021, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$36,455 which includes \$4,374 assigned from other Center funds.

For purposes of the statement of cash flows and for presentation on the statement of net position, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Center are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

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

**G. Inventory**

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

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

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

**H. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Center maintains a capitalization threshold of \$2,000. The Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not. Interest incurred during the construction of capital assets is also capitalized.

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:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	15 - 20 years	N/A
Buildings and improvements	20 - 40 years	N/A
Furniture/equipment	5 - 20 years	5 - 20 years
Vehicles	8 years	N/A

**I. Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivables/payables”. These amounts are eliminated in the governmental activities column of the statement of net position. Amounts between governmental and business-type activities are reported as internal balance.

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

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

**J. Compensated Absences**

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least five years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**K. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is nonspendable on the fund financial statements by an amount equal to the carrying value of the asset.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current 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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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

**M. Fund Balance**

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

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

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

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

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

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

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

**N. Net Position**

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

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

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

**O. Estimates**

The preparation of the financial statements in conformity with GAAP 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.

**P. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

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

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

**R. Fair Value**

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

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2021.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

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

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

**B. Deficit Fund Balances**

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

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Food Service	\$ 31,131
Vocational Education Enhancement	2,484
Adult Basic Education	1,520
GEER	6,045
Vocational Education	76,877
<u>Major business-type activities fund</u>	
Adult education	1,120,427

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

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



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

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

**A. Cash on Hand**

At fiscal year end, the Center had \$500 in undeposited cash on hand which is included on the financial statements of the Center as part of "equity in pooled cash and cash equivalents".

**TRUMBULL CAREER AND TECHNICAL CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

**B. Deposits with Financial Institutions**

At June 30, 2021, the carrying amount of all Center deposits was \$6,464,960 and the bank balance of all Center deposits was \$6,631,607. Of the bank balance, \$5,575,691 was covered by the FDIC, \$635,543 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Center's name, and \$1,055,916 was uninsured and uncollateralized. The Center's financial institutions were approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System resulting in the uninsured and uncollateralized balance.

Custodial credit risk is the risk that, in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Center and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State. For 2021, the Center's financial institutions were approved for a reduced collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Center to a successful claim by the FDIC.

**C. Investments**

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

Measurement/ Investment type	Investment Maturities					
	Measurement Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair Value:</i>						
FHLB	\$ 219,356	\$ -	\$ -	\$ -	\$ 99,747	\$ 119,609
FHLMC	99,998	-	-	-	99,998	-
FNMA	278,792	-	-	-	100,001	178,791
FFCB	374,425	-	100,073	-	274,352	-
Negotiable CD's	2,824,837	778,271	702,366	509,623	834,577	-
U.S. Treasury notes	124,703	-	-	-	124,703	-
U.S. Government money market	3,257,767	3,257,767	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	10,711	10,711	-	-	-	-
<b>Total</b>	<b>\$ 7,190,589</b>	<b>\$ 4,046,749</b>	<b>\$ 802,439</b>	<b>\$ 509,623</b>	<b>\$ 1,533,378</b>	<b>\$ 298,400</b>

The weighted average of maturity of investments is 0.78 years.

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

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

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

*Credit Risk:* The Center’s investments, except for STAR Ohio and the U.S. Government money market, were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. Standard & Poor’s has assigned STAR Ohio and the U.S. Government money market an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized rating service. The Center has no policy that addresses credit risk.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty’s trust department or agent but not in the Center’s name. The Center’s investments in negotiable certificates of deposit were fully covered by Federal Depository Insurance. The Center has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FHLB	\$ 219,356	3.05
FHLMC	99,998	1.39
FNMA	278,792	3.88
FFCB	374,425	5.21
Negotiable CD's	2,824,837	39.29
U.S. Treasury notes	124,703	1.73
U.S. Government money market	3,257,767	45.30
<i>Amortized Cost:</i>		
STAR Ohio	<u>10,711</u>	<u>0.15</u>
Total	<u>\$ 7,190,589</u>	<u>100.00</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 6,464,960
Investments	7,190,589
Cash on hand	<u>500</u>
Total	<u>\$ 13,656,049</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 13,653,536
Business type activities	2,466
Custodial fund	<u>47</u>
Total	<u>\$ 13,656,049</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

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

	<u>Amount</u>
<u>Transfers from general fund to:</u>	
Nonmajor governmental fund	\$ 67,878
Adult education	<u>209,284</u>
Total transfers in/out	<u>\$ 277,162</u>

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

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

B. Interfund loans receivable/payable consisted of the following at June 30, 2021, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ 82,151
General fund	Adult education	<u>23,384</u>
Total		<u>\$ 105,535</u>

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

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**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

Interfund balances between governmental funds are eliminated on the government-wide statement of net position. Interfund balances between governmental funds and business-type activities are reported as internal balances on the government-wide statement of net position.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed values as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Public utility real and personal property taxes received in calendar year 2021 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The Center receives property taxes from Trumbull County. The County Auditor periodically advances to the Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available as an advance at June 30, 2021 was \$40,120 in the general fund. This amount is recorded as revenue. The amount available for advance at June 30, 2020 was \$27,005 in the general fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

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

	2020 Second Half Collections		2021 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 3,152,215,790	93.72	\$ 3,424,517,780	94.19
Public utility personal	<u>211,282,230</u>	<u>6.28</u>	<u>211,057,580</u>	<u>5.81</u>
Total	<u>\$ 3,363,498,020</u>	<u>100.00</u>	<u>\$ 3,635,575,360</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$2.40		\$2.40	

**TRUMBULL CAREER AND TECHNICAL CENTER  
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**NOTE 7 - RECEIVABLES**

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

**Governmental activities:**

Property taxes - current and delinquent	\$ 7,822,077
Accrued interest	15,606
Intergovernmental	<u>196,671</u>
Total governmental receivables	<u>\$ 8,034,354</u>

**Business-type activities:**

Accounts	\$ 16,763
Intergovernmental	<u>5,239</u>
Total business-type receivables	<u>\$ 22,002</u>

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

**NOTE 8 - CAPITAL ASSETS**

A. Governmental activities capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2021</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 432,770	\$ -	\$ -	\$ 432,770
Construction in progress	<u>74,986</u>	<u>17,876</u>	<u>(92,862)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>507,756</u>	<u>17,876</u>	<u>(92,862)</u>	<u>432,770</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	861,448	-	-	861,448
Buildings and improvements	22,890,168	269,285	-	23,159,453
Furniture and equipment	3,968,283	168,209	(207,236)	3,929,256
Vehicles	<u>477,007</u>	<u>-</u>	<u>-</u>	<u>477,007</u>
Total capital assets, being depreciated	<u>28,196,906</u>	<u>437,494</u>	<u>(207,236)</u>	<u>28,427,164</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(663,953)	(11,701)	-	(675,654)
Buildings and improvements	(15,348,247)	(300,320)	-	(15,648,567)
Furniture and equipment	(2,711,839)	(247,057)	207,236	(2,751,660)
Vehicles	<u>(424,548)</u>	<u>(9,920)</u>	<u>-</u>	<u>(434,468)</u>
Total accumulated depreciation	<u>(19,148,587)</u>	<u>(568,998)</u>	<u>207,236</u>	<u>(19,510,349)</u>
Governmental activities capital assets, net	<u>\$ 9,556,075</u>	<u>\$ (113,628)</u>	<u>\$ (92,862)</u>	<u>\$ 9,349,585</u>

**TRUMBULL CAREER AND TECHNICAL CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 8 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 15,225
Special	2,133
Vocational	349,540
Adult education	158,624
Support services:	
Pupil	2,261
Instructional staff	333
Board of education	1,353
Administration	10,527
Fiscal	1,088
Operations and maintenance	7,195
Pupil transportation	12,232
Food service operations	<u>8,487</u>
Total depreciation expense	<u>\$ 568,998</u>

**B.** Business-type activities capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2021</u>
<b>Business-type activities</b>				
<i>Capital assets, being depreciated:</i>				
Furniture, fixtures & equipment	\$ 267,210	\$ -	\$ -	\$ 267,210
<i>Less: accumulated depreciation</i>				
Furniture, fixtures & equipment	<u>(147,613)</u>	<u>(5,544)</u>	<u>-</u>	<u>(153,157)</u>
Business-type activities capital assets, net	<u>\$ 119,597</u>	<u>\$ (5,544)</u>	<u>\$ -</u>	<u>\$ 114,053</u>

**NOTE 9 - CAPITALIZED LEASE - LESSEE DISCLOSURE**

In previous fiscal years, the Center entered into a capitalized lease for copiers. This lease agreement meets the criteria of a capital lease, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements. Principal payments in fiscal year 2021 totaled \$32,424 paid by the general fund. Computer equipment in the amount of \$517,980 has not been capitalized since the assets do not meet the Center's capitalization threshold. A liability of \$69,909 at June 30, 2021 has been recorded in the government-wide financial statements.

The capitalized assets acquired through capital leases are as follows:

<b>Assets:</b>	
Equipment (copiers)	\$ 162,523
Less: accumulated depreciation	<u>(113,766)</u>
Total	<u>\$ 48,757</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - CAPITALIZED LEASE - LESSEE DISCLOSURE - (Continued)**

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2021:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	36,804
2023	<u>36,805</u>
Total minimum lease payments	73,609
Less: amount representing interest	<u>(3,700)</u>
Total	<u>\$ 69,909</u>

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2021, the following changes occurred in long-term obligations.

	<u>Balance</u>			<u>Balance</u>	<u>Amounts</u>
	<u>June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>Due in</u>
					<u>One Year</u>
<b>Governmental activities:</b>					
Compensated absences payable	\$ 2,033,204	\$ 643,279	\$ (605,916)	\$ 2,070,567	\$ 465,052
Net pension liability	17,056,768	2,413,593	-	19,470,361	-
Net OPEB liability	1,317,859	-	(84,419)	1,233,440	-
Capital lease obligations	102,333	-	(32,424)	69,909	36,804
OASBO lease-purchase - direct borrowing	<u>3,803,000</u>	<u>-</u>	<u>(246,000)</u>	<u>3,557,000</u>	<u>257,000</u>
Total governmental activities long-term liabilities	<u>\$ 24,313,164</u>	<u>\$ 3,056,872</u>	<u>\$ (968,759)</u>	<u>\$ 26,401,277</u>	<u>\$ 758,856</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 53,816	\$ 30,475	\$ (25,469)	\$ 58,822	\$ 30,475
Net pension liability	1,287,684	59,812	(93,609)	1,253,887	-
Net OPEB liability	<u>81,400</u>	<u>-</u>	<u>(101)</u>	<u>81,299</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 1,422,900</u>	<u>\$ 90,287</u>	<u>\$ (119,179)</u>	<u>\$ 1,394,008</u>	<u>\$ 30,475</u>

Compensated absences: Compensated absences of the governmental activities will be paid from the general fund. Compensated absences of the business-type activities will be paid from the adult education fund.

Net pension liability: See Note 13 for details. The Center pays obligations related to employee compensation from the fund benefitting from their services.

Net OPEB liability/asset: See Note 14 for details. The Center pays obligations related to employee compensation from the fund benefitting from their services.

Capital lease obligations: See Note 9 for details on the Center's capital lease obligations.



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**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

OASBO Lease-Purchase Agreement: During fiscal year 2006, the Center entered into a lease-purchase agreement with the Ohio Association of School Business Officials' (OASBO) Expanded Asset Pooled Financing Program to finance the cost of the construction of an addition to the career center. US Bank has been designated as trustee for the agreement. The lease purchase agreement is considered a direct borrowing. Direct borrowings have terms negotiated directly between the Center and the lender and are not offered for public sale. The source of revenue to fund principal and interest payments is general operating revenue of the Center. The annual payments will be payable from the general fund. At June 30, 2021, the Center had outstanding borrowings of \$3,557,000.

The following is a schedule of future payments required under the OASBO lease-purchase agreement:

Fiscal Year Ending June 30	Principal	Interest	Total
2022	\$ 257,000	\$ 173,759	\$ 430,759
2023	268,000	161,205	429,205
2024	280,000	148,113	428,113
2025	293,000	134,436	427,436
2026	306,000	120,122	426,122
2027 - 2031	1,753,000	362,174	2,115,174
2032	400,000	19,540	419,540
Total	<u>\$ 3,557,000</u>	<u>\$ 1,119,349</u>	<u>\$ 4,676,349</u>

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the Center shall never exceed 9% of the total assessed valuation of the Center. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the Center. The Code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the Center. The assessed valuation used in determining the Center's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the Center's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2021, are a voted debt margin of \$327,201,782 and an unvoted debt margin of \$3,635,575.

**NOTE 11 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

Sick Leave:

Each employee is entitled to fifteen days sick leave with pay each year under contract and accrues sick leave at the rate of one and one-fourth days for each calendar month under contract. Sick leave may be accumulated to a maximum based upon negotiated agreements. Sick leave pay is based upon the per diem rate paid the employee at the time of the employee's retirement from the Center. An employee with five or more years of service in the Center who elects to retire from active service shall receive 1/3 of the value of his/her accrued and unused sick leave to a maximum of sixty-five days. In addition, employees with thirteen or more years of service in the Center shall receive an added sum equal to 1/8 of the accrued and unused sick leave in excess of sixty-five days (1/3 of 195 days).

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**NOTE 11 - EMPLOYEE BENEFITS - (Continued)**

Vacation Leave:

Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Unused vacation shall be cumulative to a maximum of forty days. Each full time administrator who is required to work twelve months per year is entitled, after service of one calendar year, to twenty working days per year of vacation leave. The Treasurer and Superintendent can carryover fifty and sixty days, respectively.

**B. Early Retirement Incentive**

The Center provides an early retirement incentive plan for employees who are eligible for retirement under State Teachers Retirement System of Ohio (STRS Ohio) and School Employee Retirement System (SERS) guidelines and retire effective at the end of the fiscal year 2013 school year. STRS Ohio employees who enroll in the early retirement incentive plan will receive an \$18,000 payment in addition to their severance payment. SERS employees who enroll in the early retirement incentive plan will receive a \$9,000 payment in addition to their severance payment. No employees were owed an early retirement incentive payment at June 30, 2021.

**C. Life Insurance**

The Center provides life insurance and accidental death and dismemberment insurance to its employees. Coverage is \$50,000 for all certified, classified and administrative staff; the level of coverage for the Superintendent and Treasurer is \$200,000 each.

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

The Center is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The Center has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of \$2,000,000 of each occurrence and \$4,000,000 in the aggregate. In addition, the Center maintains a \$1,000,000 umbrella liability policy.

The Center maintains replacement cost insurance on buildings and contents in the amount \$69,318,850. The Center maintains fleet insurance in the amount of \$2,000,000 for any one accident or loss.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in coverage from the prior year.

**B. Employee Health, Dental and Vision Insurance**

Health Insurance: The Center has elected to provide employee medical/surgical benefits through a consortium of school districts known as the Trumbull County Schools Employee Insurance Benefit Consortium Association (Note 2.A.). The Consortium purchases stop loss coverage of \$125,000 through the General American Life Insurance Company and the pool covers the excess. A third party administrator, Medical Mutual, through its agent, Watson, Wyatt Worldwide located in Cleveland, Ohio, reviews and pays claims for the Consortium. The Center pays premiums to the Consortium based upon board policy and the negotiated agreements; the premium is paid by the fund that pays the salary of the employee.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - RISK MANAGEMENT - (Continued)**

Dental Insurance: On January 1, 2015, the Center established an Employee Benefits Self-Insurance Fund (an internal service fund) to account for and finance its self-insurance dental program administered by MedBen. Under this program, the Employee Benefits Self-Insurance Fund provides coverage for up to a maximum of \$2,500 for each individual covered. The Center purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. All funds of the Center participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services).

The claims liability of \$7,347 reported in the basic financial statements at June 30, 2021, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, as amended by GASB Statement No. 30, “Risk Financing Omnibus”, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claim. Claims activity for the current year is as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2021	\$ 4,104	\$ 96,154	\$ (92,911)	\$ 7,347
2020	4,252	76,515	(76,663)	4,104

Vision Insurance: During fiscal year 2006, the Center established an Employee Benefits Self-Insurance Fund (an internal service fund) to account for and finance its self-insurance vision program administered by MedBen. Under this program, the Employee Benefits Self-Insurance Fund provides coverage for up to a maximum of \$2,500 for each individual covered. The Center purchases commercial insurance for claims in excess of coverage provided by the fund and for all other risks of loss. All funds of the Center participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services).

The claims liability of \$1,020 reported in the basic financial statements at June 30, 2021, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, as amended by GASB Statement No. 30, “Risk Financing Omnibus”, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claim. Claims activity for the current year is as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2021	\$ 961	\$ 8,523	\$ (8,464)	\$ 1,020
2020	354	8,589	(7,982)	961

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**NOTE 12 - RISK MANAGEMENT - (Continued)**

**C. Workers' Compensation Plan**

The Center participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), a public entity risk pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. Participants of the GRP are placed in tiers according to their loss history. Participants with low loss histories are rewarded with greater savings than participants with higher loss histories. Each participant pays its workers' compensation premium to the State based on the rate for its GRP tier rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. Sheakley Uniservice, Inc. provides administrative, cost control and actuarial services to the GRP.

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

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

*Net Pension Liability/Net OPEB Liability/Asset*

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

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

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

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

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

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

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

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

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

The Center's contractually required contribution to SERS was \$336,192 for fiscal year 2021. Of this amount, \$23,916 is reported as pension and postemployment benefits payable.

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

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

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

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

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

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

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

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

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

The Center's contractually required contribution to STRS was \$1,144,519 for fiscal year 2021. Of this amount, \$177,401 is reported as pension and postemployment benefits payable.

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

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.05931550%	0.06690438%	
Proportion of the net pension liability current measurement date	<u>0.06510190%</u>	<u>0.06785407%</u>	
Change in proportionate share	<u>0.00578640%</u>	<u>0.00094969%</u>	
Proportionate share of the net pension liability	\$ 4,305,977	\$ 16,418,271	\$ 20,724,248
Pension expense	\$ 633,192	\$ 1,969,536	\$ 2,602,728

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 8,364	\$ 36,839	\$ 45,203
Net difference between projected and actual earnings on pension plan investments	273,345	798,425	1,071,770
Changes of assumptions	-	881,344	881,344
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	216,914	357,275	574,189
Contributions subsequent to the measurement date	<u>336,192</u>	<u>1,144,519</u>	<u>1,480,711</u>
Total deferred outflows of resources	<u>\$ 834,815</u>	<u>\$ 3,218,402</u>	<u>\$ 4,053,217</u>

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 104,984	\$ 104,984
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>-</u>	<u>273,492</u>	<u>273,492</u>
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 378,476</u>	<u>\$ 378,476</u>

\$1,480,711 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ 142,468	\$ 529,581	\$ 672,049
2023	156,641	304,893	461,534
2024	113,933	464,971	578,904
2025	<u>85,581</u>	<u>395,962</u>	<u>481,543</u>
Total	<u>\$ 498,623</u>	<u>\$ 1,695,407</u>	<u>\$ 2,194,030</u>

***Actuarial Assumptions - SERS***

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

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

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



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

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

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

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

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

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

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net pension liability	\$ 5,898,662	\$ 4,305,977	\$ 2,969,683

**Actuarial Assumptions - STRS**

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

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

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

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

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

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net pension liability	\$ 23,376,759	\$ 16,418,271	\$ 10,521,531

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**NOTE 14 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability/Asset***

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

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the Center's surcharge obligation was \$7,932.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Center's contractually required contribution to SERS was \$7,932 for fiscal year 2021. Of this amount, \$7,932 is reported as pension and postemployment benefits payable.

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

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

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**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.05564120%	0.06690438%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.06049430%</u>	<u>0.06785407%</u>	
Change in proportionate share	<u>0.00485310%</u>	<u>0.00094969%</u>	
Proportionate share of the net OPEB liability	\$ 1,314,739	\$ -	\$ 1,314,739
Proportionate share of the net OPEB asset	\$ -	\$ (1,192,535)	\$ (1,192,535)
OPEB expense	\$ (1,290)	\$ (72,191)	\$ (73,481)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 17,267	\$ 76,412	\$ 93,679
Net difference between projected and actual earnings on OPEB plan investments	14,816	41,792	56,608
Changes of assumptions	224,117	19,686	243,803
Difference between employer contributions and proportionate share of contributions/change in proportionate share	97,520	32,661	130,181
Contributions subsequent to the measurement date	<u>7,932</u>	<u>-</u>	<u>7,932</u>
Total deferred outflows of resources	<u>\$ 361,652</u>	<u>\$ 170,551</u>	<u>\$ 532,203</u>

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 668,636	\$ 237,536	\$ 906,172
Net difference between projected and actual earnings on OPEB plan investments	-	-	-
Changes of assumptions	33,116	1,132,707	1,165,823
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>74,343</u>	<u>30,838</u>	<u>105,181</u>
Total deferred inflows of resources	<u>\$ 776,095</u>	<u>\$ 1,401,081</u>	<u>\$ 2,177,176</u>

\$7,932 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (93,289)	\$ (309,233)	\$ (402,522)
2023	(92,218)	(280,944)	(373,162)
2024	(92,390)	(271,023)	(363,413)
2025	(78,107)	(257,412)	(335,519)
2026	(50,340)	(54,513)	(104,853)
Thereafter	<u>(16,031)</u>	<u>(57,405)</u>	<u>(73,436)</u>
Total	<u>\$ (422,375)</u>	<u>\$ (1,230,530)</u>	<u>\$ (1,652,905)</u>

***Actuarial Assumptions - SERS***

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

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

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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:

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

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

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

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

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net OPEB liability	\$ 1,609,208	\$ 1,314,739	\$ 1,080,637
	1% Decrease	Current Trend Rate	1% Increase
Center's proportionate share of the net OPEB liability	\$ 1,035,257	\$ 1,314,739	\$ 1,688,478



**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Actuarial Assumptions - STRS***

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

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

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

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

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

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

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

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net OPEB asset	\$ 1,037,582	\$ 1,192,535	\$ 1,324,005

	1% Decrease	Current Trend Rate	1% Increase
Center's proportionate share of the net OPEB asset	\$ 1,315,844	\$ 1,192,535	\$ 1,042,324

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

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

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

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 495,149
Net adjustment for revenue accruals	55,377
Net adjustment for expenditure accruals	(201,319)
Net adjustment for other sources/uses	(65,416)
Funds budgeted elsewhere	33,113
Adjustment for encumbrances	97,574
GAAP basis	\$ 414,478

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the flower fund, the customer service fund, public school support fund, the workers' compensation fund, the termination benefits fund and the management information systems fund.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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

**NOTE 16 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

The Center is not a party to legal proceedings that would have a material effect on the financial condition of the Center.

**C. Foundation Funding**

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Career centers must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the Center, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2021 Foundation funding for the Center; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the Center.

**NOTE 17 - COVID-19**

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

**NOTE 18 - SET-ASIDES**

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

**TRUMBULL CAREER AND TECHNICAL CENTER  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 18 - SET-ASIDES - (Continued)**

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2020	\$ -
Current year set-aside requirement	163,770
Current year offsets	(50,000)
Prior year offsets from bond proceeds	<u>(113,770)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2022	<u>\$ -</u>
Set-aside balance June 30, 2021	<u><u>\$ -</u></u>

**NOTE 18 - OTHER COMMITMENTS**

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 127,970
Nonmajor governmental funds	<u>257,896</u>
Total	<u><u>\$ 385,866</u></u>

**NOTE 19 - TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS**

Various taxing districts including the Village of Lordstown and City of Warren entered into Community Redevelopment Agreements (CRA) and Economic Zone Agreement (EZs) with various companies for the abatement of property taxes to bring jobs and economic development into the area. Under the agreement, the companies' property taxes assessed to the Center have been abated. During fiscal year 2021, the Center's property taxes were reduced by \$12,832.

**NOTE 20 - SUBSEQUENT EVENT**

For fiscal year 2022, 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 Center were funded to the Center who, in turn, made the payment to the educating school. For fiscal year 2021, the Center reported \$161,478 in tuition and fees from the resident school district which will be direct funded to the Center in fiscal year 2022. This new funding system calculates a unique base cost for each Center. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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REQUIRED SUPPLEMENTARY INFORMATION

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Center's proportion of the net pension liability	0.06510190%	0.05931550%	0.05771900%	0.06140330%
Center's proportionate share of the net pension liability	\$ 4,305,977	\$ 3,548,950	\$ 3,305,674	\$ 3,668,712
Center's covered payroll	\$ 2,169,064	\$ 2,040,644	\$ 1,951,089	\$ 1,987,964
Center's proportionate share of the net pension liability as a percentage of its covered payroll	198.52%	173.91%	169.43%	184.55%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.06011410%	0.06274040%	0.06435700%	0.06435700%
\$ 4,399,797	\$ 3,580,028	\$ 3,257,071	\$ 3,827,104
\$ 1,853,800	\$ 1,888,816	\$ 1,870,087	\$ 1,951,337
237.34%	189.54%	174.17%	196.13%
62.98%	69.16%	71.70%	65.52%

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Center's proportion of the net pension liability	0.06785407%	0.06690438%	0.06728356%	0.06624717%
Center's proportionate share of the net pension liability	\$ 16,418,271	\$ 14,795,502	\$ 14,794,144	\$ 15,737,157
Center's covered payroll	\$ 8,264,400	\$ 7,882,550	\$ 7,670,379	\$ 7,359,843
Center's proportionate share of the net pension liability as a percentage of its covered payroll	198.66%	187.70%	192.87%	213.82%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
0.06722607%	0.06901546%	0.07124883%	0.07124883%
\$ 22,502,592	\$ 19,073,854	\$ 17,330,181	\$ 20,643,599
\$ 7,039,857	\$ 7,327,629	\$ 7,279,662	\$ 7,858,692
319.65%	260.30%	238.06%	262.68%
66.80%	72.10%	74.70%	69.30%

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 336,192	\$ 303,669	\$ 275,487	\$ 263,397
Contributions in relation to the contractually required contribution	<u>(336,192)</u>	<u>(303,669)</u>	<u>(275,487)</u>	<u>(263,397)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Center's covered payroll	\$ 2,401,371	\$ 2,169,064	\$ 2,040,644	\$ 1,951,089
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 278,315	\$ 259,532	\$ 248,946	\$ 259,194	\$ 270,065	\$ 253,621
<u>(278,315)</u>	<u>(259,532)</u>	<u>(248,946)</u>	<u>(259,194)</u>	<u>(270,065)</u>	<u>(253,621)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,987,964	\$ 1,853,800	\$ 1,888,816	\$ 1,870,087	\$ 1,951,337	\$ 1,885,658
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,144,519	\$ 1,157,016	\$ 1,103,557	\$ 1,073,853
Contributions in relation to the contractually required contribution	<u>(1,144,519)</u>	<u>(1,157,016)</u>	<u>(1,103,557)</u>	<u>(1,073,853)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Center's covered payroll	\$ 8,175,136	\$ 8,264,400	\$ 7,882,550	\$ 7,670,379
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 1,030,378	\$ 985,580	\$ 1,025,868	\$ 946,356	\$ 1,021,630	\$ 1,007,684
<u>(1,030,378)</u>	<u>(985,580)</u>	<u>(1,025,868)</u>	<u>(946,356)</u>	<u>(1,021,630)</u>	<u>(1,007,684)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,359,843	\$ 7,039,857	\$ 7,327,629	\$ 7,279,662	\$ 7,858,692	\$ 7,751,415
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>
Center's proportion of the net OPEB liability	0.06049430%		0.05564120%		0.05421790%		0.05779210%		0.05737304%
Center's proportionate share of the net OPEB liability	\$ 1,314,739	\$	1,399,259	\$	1,504,151	\$	1,550,988	\$	1,635,344
Center's covered payroll	\$ 2,169,064	\$	2,040,644	\$	1,951,089	\$	1,987,964	\$	1,853,800
Center's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.61%		68.57%		77.09%		78.02%		88.22%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%		15.57%		13.57%		12.46%		11.49%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Center's proportion of the net OPEB liability/asset	0.06785407%	0.06690438%	0.06728356%	0.06624717%	0.06722607%
Center's proportionate share of the net OPEB liability/(asset)	\$ (1,192,535)	\$ (1,108,097)	\$ (1,081,178)	\$ 2,584,720	\$ 3,595,268
Center's covered payroll	\$ 8,264,400	\$ 7,882,550	\$ 7,670,379	\$ 7,359,843	\$ 7,039,857
Center's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.43%	14.06%	14.10%	35.12%	51.07%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	174.70%	176.00%	47.10%	37.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
Contractually required contribution	\$ 7,932	\$ 5,462	\$ 20,050	\$ 20,050
Contributions in relation to the contractually required contribution	<u>(7,932)</u>	<u>(5,462)</u>	<u>(20,050)</u>	<u>(20,050)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Center's covered payroll	\$ 2,401,371	\$ 2,169,064	\$ 2,040,644	\$ 1,951,089
Contributions as a percentage of covered payroll	0.33%	0.25%	0.98%	1.03%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 19,780	\$ 10,600	\$ 13,817	\$ 29,292	\$ 13,596	\$ 30,325
<u>(19,780)</u>	<u>(10,600)</u>	<u>(13,817)</u>	<u>(29,292)</u>	<u>(13,596)</u>	<u>(30,325)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,987,964	\$ 1,853,800	\$ 1,888,816	\$ 1,870,087	\$ 1,951,337	\$ 1,885,658
0.99%	0.57%	0.73%	1.57%	0.70%	1.61%

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
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>
Center's covered payroll	\$ 8,175,136	\$ 8,264,400	\$ 7,882,550	\$ 7,670,379
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ 75,367	\$ 78,587	\$ 77,514
-	-	-	(75,367)	(78,587)	(77,514)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,359,843	\$ 7,039,857	\$ 7,327,629	\$ 7,279,662	\$ 7,858,692	\$ 7,751,415
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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

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PENSION

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

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

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

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

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

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

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OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

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

(Continued)

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO**

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%. For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

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

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

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Federal Grantor/ <i>Pass-Through Grantor/ Program or Cluster Title</i>	Assistance Listing Number	Pass-Through Grantor Number	Expenditures	Non-Cash Expenditures
<b><u>U.S. Department of Agriculture</u></b>				
<i>Passed through Ohio Department of Education</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	044594-05PU-11	\$ 25,515	\$ 0
COVID-19 - School Breakfast Program	10.553	044594-05PU-11	871	0
National School Lunch Program	10.555	044594-LLP4-11	125,871	11,806
COVID-19 - School Lunch Program	10.555	044594-LLP4-11	12,121	0
Total Child Nutrition Cluster			<u>164,378</u>	<u>11,806</u>
<b>Total U.S. Department of Agriculture</b>			<u>164,378</u>	<u>11,806</u>
<b><u>U.S. Department of Education</u></b>				
<i>Direct Awards</i>				
Student Financial Assistance Cluster:				
Federal Pell Grant Program	84.063	N/A	223,630	0
Federal Direct Student Loans	84.268	N/A	401,321	0
Total Student Financial Assistance Cluster			<u>624,951</u>	<u>0</u>
Education Stabilization Fund -				
COVID-19 Higher Education Emergency Relief Fund I - Student Aid Portion	84.425E	N/A	56,179	0
COVID-19 Higher Education Emergency Relief Fund II - Student Aid Portion	84.425E	N/A	56,180	0
COVID-19 Higher Education Emergency Relief Fund III - Student Aid Portion	84.425E	N/A	27,416	0
COVID-19 Higher Education Emergency Relief Fund I - Institutional Portion	84.425F	N/A	426,870	0
COVID-19 Higher Education Emergency Relief Fund II - Institutional Portion	84.425F	N/A	33,291	0
<i>Total ALN #84.425 - Direct Awards</i>			<u>599,936</u>	<u>0</u>
<i>Total Direct Awards</i>			<u>1,224,887</u>	<u>0</u>
<i>Passed through Ohio Department of Education</i>				
Education Stabilization Fund -				
COVID-19 Governor's Emergency Education Relief Fund	84.425C	N/A	47,820	0
<i>Total ALN #84.425 - Passed Through Ohio Department of Education</i>			<u>647,756</u>	<u>0</u>
Total ALN #84.425				
Adult Education - Basic Grants to States	84.002	N/A	321,151	0
Career and Technical Education - Basic Grants to States	84.048	N/A	632,901	0
<i>Total Passed Through Ohio Department of Education</i>			<u>1,001,872</u>	<u>0</u>
<b>Total U.S. Department of Education</b>			<u>2,226,759</u>	<u>0</u>
<b><u>U.S. Department of Treasury</u></b>				
<i>Passed through Ohio Department of Education</i>				
COVID-19 Coronavirus Relief Fund - Suburban School District	21.019	N/A	51,963	0
<b>Total U.S. Department of Treasury</b>			<u>51,963</u>	<u>0</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 2,443,100</u>	<u>\$ 11,806</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.



**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Trumbull Career and Technical Center under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented 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 Trumbull Career and Technical Center, it is not intended to and does not present the financial position, changes in net position, or cash flows of Trumbull Career and Technical Center.

**NOTE 2: 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE 3: INDIRECT COST RATE**

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

**NOTE 4: CHILD NUTRITION CLUSTER**

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

**NOTE 5: FOOD DONATION PROGRAM**

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

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

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

To the Members of Board of Education  
Trumbull Career and Technical Center  
Warren, Ohio

The Honorable Keith Faber  
Auditor of State  
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Trumbull Career and Technical Center, Trumbull 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, and have issued our report thereon dated December 30, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Center, and the school foundation aid received from the State of Ohio will be funded through the direct funding model.

***Internal Control Over Financial Reporting***

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

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

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

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

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

### ***Purpose of This Report***

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



James G. Zupka, CPA, Inc.  
Certified Public Accountants

December 30, 2021

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants  
5240 East 98<sup>th</sup> Street  
Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE  
UNIFORM GUIDANCE**

To the Members of Board of Education  
Trumbull Career and Technical Center  
Warren, Ohio

The Honorable Keith Faber  
Auditor of State  
State of Ohio

***Report on Compliance for Each Major Federal Program***

We have audited the Trumbull Career and Technical Center, Trumbull County, Ohio's (the Center) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Center's major federal program for the year ended June 30, 2021. The Center's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Center's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Center's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Trumbull Career and Technical Center complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

### ***Report on Internal Control over Compliance***

Management of the Center is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Center's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to 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.

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



James G. Zupka, CPA, Inc.  
Certified Public Accountants

December 30, 2021

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
UNIFORM GUIDANCE  
JUNE 30, 2021**

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

2021(i)	Type of Financial Statement Opinion	Unmodified
2021(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2021(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2021(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2021(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2021(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2021(v)	Type of Major Programs' Compliance Opinions	Unmodified
2021(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2021(vii)	Major Programs (list):  Education Stabilization Fund: Governor's Emergency Education Relief Fund - ALN #84.425C Higher Education Emergency Relief Fund - Student Aid Portion - ALN # 84.425E Higher Education Emergency Relief Fund - Institutional Portion - ALN #84.425F	
2021(viii)	Dollar Threshold: A/B Program	Type A: \$750,000 Type B: All Others less than \$750,000
2021(ix)	Low Risk Auditee?	Yes

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

None.

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

None.

**TRUMBULL CAREER AND TECHNICAL CENTER  
TRUMBULL COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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The prior audit report, as of June 30, 2020, included no citations. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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# OHIO AUDITOR OF STATE KEITH FABER



**TRUMBULL CAREER AND TECHNICAL CENTER**

**TRUMBULL 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 2/22/2022**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)