



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MAHONING COUNTY CAREER AND TECHNICAL CENTER  
MAHONING COUNTY  
JUNE 30, 2020**

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# OHIO AUDITOR OF STATE KEITH FABER



101 Central Plaza South  
700 Chase Tower  
Canton, Ohio 44702-1509  
(330) 438-0617 or (800) 443-9272  
EastRegin@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

Mahoning County Career and Technical Center  
Mahoning County  
7300 North Palmyra Road  
Canfield, Ohio 44406

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Mahoning County Career and Technical Center, Mahoning County, Ohio (the Center), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Center, as of June 30, 2020, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Center. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2020, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 21, 2020

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**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*Unaudited*

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This discussion and analysis of the Mahoning County Career & Technical Center's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2020 are as follows:

- In total, net position increased \$438,286 from fiscal year 2019, due to an increase in capital assets. The effects of GASB 68 and 75 distort the comparative analysis to follow in this MD&A due to the significant change in total expenses on a full accrual basis.
- General revenues accounted for \$12,528,683 in revenue or 71 percent of all revenues. Program specific revenues in the form of charges for services and sales and grants and contributions accounted for \$5,186,751, or 29 percent of total revenues of \$17,715,434.
- The District had \$17,277,148 in expenses related to governmental activities; only \$5,186,751 of these expenses were offset by program specific charges for services, grants or contributions. General revenue supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$12,528,683 were adequate to provide for these programs this fiscal year.
- The general fund had \$15,387,611 in revenues and \$14,530,472 in expenditures, excluding other financing sources and uses. The general fund balance increased by \$346,777 to \$21,862,732, which represents an increase of nearly two percent.
- The District's total net pension liability increased to \$13,200,154 from \$12,851,263 and the OPEB liability (net of OPEB asset) decreased to \$112,606, from \$224,672, a combined net increase of \$236,825. For more information on this liability see Notes 12 and 13 to the basic financial statements.

**Using this Annual Financial Report**

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

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

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Mahoning County, Ohio

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**Reporting the District as a Whole**

Statement of Net Position and the Statement of Activities

The analysis of the District as a whole begins with the Statement of Net Position and the Statement of Activities. These statements provide information that will help the reader to determine whether the District is financially improving or declining as a result of the year's financial activities. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Changes to the District's net position are a direct result of the District's property tax base, facility conditions, required educational programs, student enrollment, and general inflation.

In the Statement of Net Position and the Statement of Activities, the governmental activities include the District's programs and services, including instruction, support services, operation of non-instructional services, and extracurricular activities.

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

Fund Financial Statements

The analysis of the District's major governmental funds begins after the statement of activities. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The general fund is the most significant governmental fund of the District and is the only fund reported as major.

Governmental Funds

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

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**The District as a Whole**

As stated previously the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the District's Net Position for fiscal year 2020 compared to 2019.

**Net Position (Table 1)**  
**Governmental Activities**

	2020	2019	Change
<b>Assets</b>			
Current and Other Assets	\$31,984,935	\$31,301,851	\$683,084
Capital Assets, Net	23,467,329	22,958,010	509,319
<i>Total Assets</i>	<u>55,452,264</u>	<u>54,259,861</u>	<u>1,192,403</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	1,401,599	1,486,544	(84,945)
Pension	3,254,238	4,192,078	(937,840)
OPEB	377,403	333,394	44,009
<i>Total Deferred Outflows of Resources</i>	<u>5,033,240</u>	<u>6,012,016</u>	<u>(978,776)</u>
<b>Liabilities</b>			
Current Liabilities	1,288,803	1,152,080	136,723
Long-Term Liabilities			
Due within One Year	996,509	1,030,210	(33,701)
Due in More than One Year - Pension	13,200,154	12,851,263	348,891
Due in More than One Year - OPEB	930,193	224,672	705,521
Due in More than One Year - Other	23,933,500	24,916,305	(982,805)
<i>Total Liabilities</i>	<u>40,349,159</u>	<u>40,174,530</u>	<u>174,629</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	6,792,642	6,692,386	100,256
Pension	742,974	1,185,037	(442,063)
OPEB	1,253,799	1,311,280	(57,481)
<i>Total Deferred Inflows of Resources</i>	<u>8,789,415</u>	<u>9,188,703</u>	<u>(399,288)</u>
<b>Net Position</b>			
Net Investment in Capital Assets	1,725,703	359,875	1,365,828
Restricted	876,527	1,463,285	(586,758)
Unrestricted	8,744,700	9,085,484	(340,784)
<i>Total Net Position</i>	<u>\$11,346,930</u>	<u>\$10,908,644</u>	<u>\$438,286</u>

The net pension liability (NPL) is one of the larger liabilities reported by the District at June 30, 2020 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The District previously adopted 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

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District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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*. 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 to equal the District'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 District 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.

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In accordance with GASB 68 and GASB 75, the District'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, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At the fiscal year-end, the District's net position was \$11,346,930. Total assets increased \$1,192,403 due mostly to the increase in capital assets from the prior year. Total liabilities decreased \$174,629 due mostly to the previously mentioned increase in the net pension and OPEB liabilities.

Table 2 shows the change in Net Position for fiscal year ended June 30, 2020 as compared to 2019.

**Table 2**  
Change in Net Position - Governmental Activities

	2020	2019	Change
<b>Revenues</b>			
<b>Program Revenues</b>			
Charges for Services and Sales	\$3,896,386	\$3,564,295	\$332,091
Operating Grants and Contributions	1,151,865	1,003,809	148,056
Capital Grants and Contributions	138,500	375,000	(236,500)
<i>Total Program Revenues</i>	<u>5,186,751</u>	<u>4,943,104</u>	<u>243,647</u>
<b>General Revenues</b>			
Property Taxes	7,004,353	6,706,204	298,149
Grants and Entitlements not Restricted to Specific Programs	4,809,034	4,864,051	(55,017)
Investment Earnings	554,098	713,325	(159,227)
Miscellaneous	161,198	99,342	61,856
<i>Total General Revenues</i>	<u>12,528,683</u>	<u>12,382,922</u>	<u>145,761</u>
<i>Total Revenues</i>	<u>17,715,434</u>	<u>17,326,026</u>	<u>389,408</u>
<b>Program Expenses</b>			
Instruction	9,472,327	8,445,218	1,027,109
Support Services	6,293,300	5,500,913	792,387
Operation of Non-Instructional/Food Services	474,793	437,457	37,336
Extracurricular Activities	124,784	108,197	16,587
Interest and Fiscal Charges	911,944	988,934	(76,990)
<i>Total Program Expenses</i>	<u>17,277,148</u>	<u>15,480,719</u>	<u>1,796,429</u>
<i>Change in Net Position</i>	438,286	1,845,307	(1,407,021)
Net Position Beginning of Year	10,908,644	9,063,337	1,845,307
<i>Net Position End of Year</i>	<u>\$11,346,930</u>	<u>\$10,908,644</u>	<u>\$438,286</u>

**Governmental Activities**

Net Position of the District increased \$438,286 during fiscal year 2020. Total governmental expenses of \$17,277,148 were offset by program revenues of \$5,186,751 and general revenues of \$12,528,683. General revenues supported 73 percent of the total governmental expenses this fiscal year. The effects of GASB 68 and 75 distort this comparative analysis due to the significant changes made to cost of living adjustments enacted by the pension board had on the District's share of the total pension/OPEB liability.

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The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These revenue sources represent 67 percent of all governmental revenue.

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

**Table 3**  
Total and Net Cost of Program Services  
Governmental Activities

	2020		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<b>Program Expenses</b>				
Instruction	\$9,472,327	\$5,993,832	\$8,445,218	\$5,321,566
Support Services	6,293,300	5,384,639	5,500,913	4,640,956
Operation of Non-Instructional/Food Services	474,793	(324,802)	437,457	(522,038)
Extracurricular Activities	124,784	124,784	108,197	108,197
Interest and Fiscal Charges	911,944	911,944	988,934	988,934
<i>Total Expenditures</i>	<u>\$17,277,148</u>	<u>\$12,090,397</u>	<u>\$15,480,719</u>	<u>\$10,537,615</u>

The table above reflects how the District funds its programs through program revenues. Instructional services, support services, co-curricular activities, and interest charges rely heavily on general revenues, while non-instructional and food services were completely funded by program revenues during the fiscal year. The large increase in instructional and support services is the byproduct of GASB 68 and 75 as previously discussed. To gain a better understanding of operations, please refer to the fund analysis on the following pages.

**The District's Funds**

Information regarding the District's major funds begins on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues, including other financing sources, of \$18,351,811 to offset expenditures, including other financing uses, of \$18,603,232. One can see from the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, property taxes and intergovernmental revenues are the largest revenue sources, accounting for more than 39 and 34 percent, respectively, of total governmental revenue, excluding other financing sources.

**General Fund** The District's general fund balance increased \$346,777 from \$21,515,955 to \$21,862,732. Overall, revenues increased \$442,065 with the majority of this increase relating to property taxes and services provided to other entities. Expenditures increased by \$309,580, resulting in the overall increase to fund balance and increase to cash on hand for fiscal year 2020.

**General Fund Budgeting Highlights**

The District'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 fund to be budgeted is the main operating fund of the District, the general fund.

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During the course of fiscal year 2020, the District approved amendments to its original general fund appropriations. The District budget is adopted on a fund basis and has in place systems that are designed to tightly control expenses but provide flexibility for program based decision and management.

For the general fund, actual revenue excluding other financing sources totaled \$1,859,244 less than original estimates and \$8,741 more than final estimates. Actual expenditures excluding other financing uses totaled \$247,375 more than original appropriations and \$109,647 more than final amended appropriations. The majority of this difference was due to a conservative budgeting approach.

**Capital Assets**

At the end of fiscal year 2020, the District had \$23,467,329 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment and vehicles. Table 4 shows fiscal year 2020 balances compared to 2019.

**Table 4**  
Capital Assets at June 30 (Net of Depreciation)

	<u>2020</u>	<u>2019</u>
Land	\$125,000	\$125,000
Construction in Progress	1,193,196	0
Land Improvements	183,015	213,331
Buildings and Improvements	20,621,660	21,378,407
Furniture, Fixtures and Equipment	1,190,314	1,167,603
Vehicles	154,144	73,669
<i>Total</i>	<u>\$23,467,329</u>	<u>\$22,958,010</u>

All capital assets, except land and construction in progress, are reported net of depreciation. The \$509,319 increase in capital assets was the result of current year additions of \$1,479,120 exceeding depreciation of \$969,801. For more information about the District's capital assets, see Note 10 to the basic financial statements.

**Long-Term Obligations**

Previously, the District issued \$9,595,000 in Certificates of Participation for the purpose of various site improvements. These Certificates mature in 2036 and have an interest rate that ranges from 3.375 to 6.25 percent. On September 20, 2017, the District issued refunding Certificates of Participation of \$13,005,000 (par value) with interest rates ranging from 3.00% to 4.00% to currently refund \$13,160,000 of the 10/15/09 Certificates of Participation with rates ranging from 2.00% to 4.75%. The term certificates mature 12/1/2036 and are callable 12/1/2025. The refunding certificates were issued at a premium of \$651,590 and, after paying issuance costs of \$233,855, the net proceeds were \$13,422,735. As a result of the advance refunding, the District reduced its total debt service requirements by \$2,177,428, which resulted in an economic gain (difference between the present value of debt service payments on the old and new debt) of \$1,678,959.

In a prior fiscal year, the District issued \$15,300,000 in Certificates of Participation for the purpose of constructing, furnishing, improving, equipping, lease and eventual acquisition, of additions, renovations and other improvements to the Career Center Building and related site improvements. During fiscal year 2011, the District advance refunded all but \$450,000 of these certificates. The refunding Certificates of

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Participation were issued in the amount of \$16,360,000, and included an original issue discount of \$53,037. The advance refunding resulted in a net present value benefit of \$1,914,257 and \$3,357,956 in cash flow savings for the District.

On August 21, 2018, the District issued School Improvement Bonds, Series 2018, in the amount of \$1,050,000 for the purpose of various capital improvements. The bonds were issued at an interest rate of 4.0 percent and will mature on December 1, 2032.

The following is a summary of the outstanding long-term obligations of the district.

**Table 5 - Outstanding Long-Term Obligations**

	2020	2019
1/18/15 General Obligation Bonds	\$1,520,000	\$1,565,000
Unamortized Original Issue Premium	75,778	78,871
Capital Appreciation Bonds	19,999	19,999
Accretion on Capital Appreciation Bonds	47,517	33,983
11/20/14 Certificates of Participation	8,875,000	9,120,000
Unamortized Original Issue Discount	(81,774)	(85,266)
9/15/18 General Obligation School Improvement Bonds	975,000	1,030,000
9/20/17 Advance Refunded Certificates of Participation	11,835,000	12,380,000
Unamortized Original Issue Premium	565,855	600,149
Long-Term Note	0	54,946
Compensated Absences	1,097,634	1,148,833
Net Pension Liability	13,200,154	12,851,263
Net OPEB Liability (net of OPEB asset)	112,606	224,672
<b>Totals</b>	<b>\$38,242,769</b>	<b>\$39,022,450</b>

Pursuant to Section 133.06 of the Ohio Revised Code, the obligations of these lease-purchase agreements will not be construed as net indebtedness of the District. For more information about the District's long-term obligations, see Note 16 to the basic financial statements.

**Current Related Financial Activity**

Currently the Mahoning County Career and Technical Center (MCCTC) has over 700 students enrolled in its 11<sup>th</sup> and 12<sup>th</sup> grade high school programs. The Valley Stem + ME2 Academy, which is housed at the Career and Technical Center, has a current enrollment of 199 students, which is at capacity. During the 2021 fiscal year the MCCTC will continue renovations to District facilities and upgrade career and technical lighting within the labs. The District secured \$100,000 in State and Federal funding to construct the new animal science lab.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Brian Rella, Treasurer, Mahoning County Career & Technical Center, 7300 North Palmyra Road, Canfield, Ohio 44406 or email at [BRIAN.RELLA@MAHONINGCTC.COM](mailto:BRIAN.RELLA@MAHONINGCTC.COM).



**Mahoning County Career & Technical Center**

Mahoning County, Ohio

*Statement of Net Position**June 30, 2020*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$8,588,163
Investments	12,971,809
Accrued Interest Receivable	16,589
Accounts Receivable	1,311,893
Intergovernmental Receivable	145,053
Property Taxes Receivable	7,450,212
Inventory Held for Resale	4,853
Materials and Supplies Inventory	13,677
Net OPEB Asset	817,587
Restricted Assets:	
Equity in Pooled Cash and Cash Equivalents	665,099
Nondepreciable Capital Assets	1,318,196
Depreciable Capital Assets, Net	22,149,133
<i>Total Assets</i>	<u>55,452,264</u>
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding Pension	1,401,599
Other Postemployment Benefits	377,403
<i>Total Deferred Outflows of Resources</i>	<u>5,033,240</u>
<b>Liabilities</b>	
Accrued Wages and Benefits Payable	1,070,493
Intergovernmental Payable	148,414
Accrued Interest Payable	69,896
Long-Term Liabilities:	
Due Within One Year	996,509
Due In More Than One Year:	
Net Pension Liability	13,200,154
Other Postemployment Benefits Liability	930,193
Other Amounts Due in More than One Year	23,933,500
<i>Total Liabilities</i>	<u>40,349,159</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	6,792,642
Pension	742,974
Other Postemployment Benefits	1,253,799
<i>Total Deferred Inflows of Resources</i>	<u>8,789,415</u>
<b>Net Position</b>	
Net Investment in Capital Assets	1,725,703
Restricted for:	
Capital Projects	127,071
Debt Service	1,775
Other Purposes	747,681
Unrestricted	8,744,700
<i>Total Net Position</i>	<u>\$11,346,930</u>

See accompanying notes to the basic financial statements

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Statement of Activities*  
*For the Fiscal Year Ended June 30, 2020*

	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions		
<b>Governmental Activities</b>					
Current:					
Instruction:					
Regular	\$3,429,744	\$13,450	\$0	\$0	(\$3,416,294)
Vocational	5,247,691	2,355,047	235,520	14,498	(2,642,626)
Adult/Continuing	794,892	537,952	322,028	0	65,088
Support Services:					
Pupils	1,307,396	0	182,040	0	(1,125,356)
Instructional Staff	761,798	101,570	42,874	0	(617,354)
Board of Education	78,719	0	0	0	(78,719)
Administration	1,773,704	202,985	46,644	0	(1,524,075)
Fiscal	498,362	0	0	0	(498,362)
Business	1,557	0	0	0	(1,557)
Operation and Maintenance of Plant	1,682,201	32,388	38,960	124,002	(1,486,851)
Pupil Transportation	34,861	0	0	0	(34,861)
Central	154,702	76,241	60,957	0	(17,504)
Operation of Non-Instructional Services	474,793	576,753	222,842	0	324,802
Extracurricular Activities	124,784	0	0	0	(124,784)
Interest and Fiscal Charges	911,944	0	0	0	(911,944)
<i>Total Governmental Activities</i>	<u>\$17,277,148</u>	<u>\$3,896,386</u>	<u>\$1,151,865</u>	<u>\$138,500</u>	<u>(12,090,397)</u>
<b>General Revenues</b>					
Property Taxes Levied for:					
General Purposes					7,004,353
Grants and Entitlements not					
Restricted to Specific Programs					4,809,034
Investment Earnings					554,098
Miscellaneous					161,198
<i>Total General Revenues</i>					<u>12,528,683</u>
Change in Net Position					438,286
<i>Net Position Beginning of Year</i>					10,908,644
<i>Net Position End of Year</i>					<u>\$11,346,930</u>

See accompanying notes to the basic financial statements

**Mahoning County Career & Technical Center**

Mahoning County, Ohio

*Balance Sheet*  
*Governmental Funds*  
*June 30, 2020*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$7,633,697	\$954,466	\$8,588,163
Investments	12,971,809	0	12,971,809
Accrued Interest Receivable	16,589	0	16,589
Accounts Receivable	1,278,939	32,954	1,311,893
Interfund Receivable	145,130	0	145,130
Intergovernmental Receivable	0	145,053	145,053
Property Taxes Receivable	7,450,212	0	7,450,212
Inventory Held for Resale	0	4,853	4,853
Materials and Supplies Inventory	12,859	818	13,677
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	665,099	0	665,099
<i>Total Assets</i>	<u>\$30,174,334</u>	<u>\$1,138,144</u>	<u>\$31,312,478</u>
<b>Liabilities</b>			
Accrued Wages and Benefits Payable	\$982,106	\$88,387	\$1,070,493
Intergovernmental Payable	133,984	14,430	148,414
Interfund Payable	0	145,130	145,130
<i>Total Liabilities</i>	<u>1,116,090</u>	<u>247,947</u>	<u>1,364,037</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	6,792,642	0	6,792,642
Unavailable Revenue - Property Taxes	402,870	0	402,870
Unavailable Revenue - Tuition & Fees	0	32,954	32,954
<i>Total Deferred Inflows of Resources</i>	<u>7,195,512</u>	<u>32,954</u>	<u>7,228,466</u>
<b>Fund Balances</b>			
Nonspendable	12,859	818	13,677
Restricted	0	887,633	887,633
Committed	665,099	0	665,099
Assigned	22,288,122	0	22,288,122
Unassigned (Deficit)	(1,103,348)	(31,208)	(1,134,556)
<i>Total Fund Balances</i>	<u>21,862,732</u>	<u>857,243</u>	<u>22,719,975</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$30,174,334</u>	<u>\$1,138,144</u>	<u>\$31,312,478</u>

See accompanying notes to the basic financial statements

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
June 30, 2020*

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<b>Total Governmental Fund Balances</b>	<b>\$22,719,975</b>
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***Amounts reported for governmental activities in the  
statement of net position are different because***

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	23,467,329
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Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:

Delinquent Property Taxes	402,870
Tuition & Fees	<u>32,954</u>

Total	435,824
-------	---------

The net pension and OPEB liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Deferred Outflows - Pension	3,254,238
Deferred Inflows - Pension	(742,974)
Net Pension Liability	(13,200,154)
Deferred Outflows - OPEB	377,403
Deferred Inflows - OPEB	(1,253,799)
Net OPEB Asset	817,587
Net OPEB Liability	<u>(930,193)</u>

Total	(11,677,892)
-------	--------------

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.

	(69,896)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

General Obligation Bonds	(2,495,000)
Capital Appreciation Bonds	(19,999)
Accretion on Bonds	(47,517)
Unamortized Premium on Bonds	(641,633)
Certificates of Participation Payable	(20,710,000)
Discount on Certificates of Participation Payable	81,774
Deferred Outflow of Resources from Refunding	1,401,599
Compensated Absences	<u>(1,097,634)</u>

Total	<u>(23,528,410)</u>
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*Net Position of Governmental Activities*

	<u><u>\$11,346,930</u></u>
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See accompanying notes to the basic financial statements

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2020*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property Taxes	\$7,005,098	\$0	\$7,005,098
Tuition and Fees	758,417	860,344	1,618,761
Interest	541,001	13,097	554,098
Charges for Services	0	181,948	181,948
Rentals	394,805	0	394,805
Contributions and Donations	4,574	120	4,694
Intergovernmental	4,809,034	1,290,317	6,099,351
Miscellaneous	144,688	16,510	161,198
Services Provided to Other Entities	1,729,994	91,502	1,821,496
<i>Total Revenues</i>	<u>15,387,611</u>	<u>2,453,838</u>	<u>17,841,449</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	2,504,352	0	2,504,352
Vocational	4,910,553	245,948	5,156,501
Adult/Continuing	0	766,199	766,199
Support Services:			
Pupils	1,071,932	141,844	1,213,776
Instructional Staff	671,860	117,748	789,608
Board of Education	77,640	0	77,640
Administration	1,489,413	235,382	1,724,795
Fiscal	465,540	850	466,390
Business	1,486	0	1,486
Operation and Maintenance of Plant	1,535,426	82,083	1,617,509
Pupil Transportation	27,268	0	27,268
Central	30,275	124,217	154,492
Operation of Non-Instructional Services	694	455,831	456,525
Extracurricular Activities	125,219	0	125,219
Capital Outlay	19,654	1,193,196	1,212,850
Debt Service:			
Principal Retirement	844,946	100,000	944,946
Interest and Fiscal Charges	754,214	99,100	853,314
<i>Total Expenditures</i>	<u>14,530,472</u>	<u>3,562,398</u>	<u>18,092,870</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>857,139</u>	<u>(1,108,560)</u>	<u>(251,421)</u>
<b>Other Financing Sources (Uses)</b>			
Transfers In	0	510,362	510,362
Transfers Out	(510,362)	0	(510,362)
<i>Total Other Financing Sources (Uses)</i>	<u>(510,362)</u>	<u>510,362</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	346,777	(598,198)	(251,421)
<i>Fund Balance Beginning of Year</i>	21,515,955	1,455,441	22,971,396
<i>Fund Balance End of Year</i>	<u>\$21,862,732</u>	<u>\$857,243</u>	<u>\$22,719,975</u>

See accompanying notes to the basic financial statements

**Mahoning County Career & Technical Center**  
Mahoning 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, 2020*

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**Net Change in Fund Balances - Total Governmental Funds** (\$251,421)

***Amounts reported for governmental activities in the  
statement of activities are different because***

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Outlay	1,479,120
Current Year Depreciation	(969,801)

Total	509,319
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property Taxes	(745)
Tuition & Fees	(710)
Intergovernmental	(4,646)
Services Provided to Other Entities	(119,914)

Total	(126,015)
-------	-----------

Repayment of long-term bond, certificate of participation and lease principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the statement of net position.

944,946

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued Interest	5,954
Accreted Interest on Capital Appreciation Bonds	(13,534)
Amortization of Bond Premium	37,387
Amortization of Discount	(3,492)
Amortization of Deferred Outflow from Refunding	(84,945)

Total	(58,630)
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Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	1,038,847
OPEB	8,904

Total	1,047,751
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Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.

Pension	(1,883,510)
OPEB	204,647

Total	(1,678,863)
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Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

51,199

*Change in Net Position of Governmental Activities*

\$438,286

See accompanying notes to the basic financial statements

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$7,764,616	\$6,826,498	\$6,826,498	\$0
Tuition and Fees	826,668	726,790	728,010	1,220
Interest	344,405	302,794	297,686	(5,108)
Rentals	449,060	394,805	394,805	0
Contributions and Donations	5,203	4,574	4,574	0
Intergovernmental	5,469,906	4,809,034	4,809,034	0
Miscellaneous	100,659	88,497	90,028	1,531
Services Provided to Other Entities	500,417	439,957	451,055	11,098
<i>Total Revenues</i>	<u>15,460,934</u>	<u>13,592,949</u>	<u>13,601,690</u>	<u>8,741</u>
<b>Expenditures</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	2,487,967	2,516,659	2,516,659	0
Vocational	4,736,026	4,790,643	4,872,774	(82,131)
<b>Support Services:</b>				
Pupils	1,060,791	1,073,024	1,103,137	(30,113)
Instructional Staff	655,302	662,859	668,579	(5,720)
Board of Education	74,315	75,172	75,383	(211)
Administration	1,409,065	1,425,315	1,431,722	(6,407)
Fiscal	455,332	460,583	461,093	(510)
Business	1,517	1,534	1,534	0
Operation and Maintenance of Plant	1,559,386	1,531,345	1,519,144	12,201
Pupil Transportation	26,761	27,070	27,070	0
Central	34,084	34,477	30,127	4,350
Operation of Non-Instructional Services	686	694	694	0
Extracurricular Activities	100,913	122,687	122,688	(1)
Capital Outlay	988	18,799	19,904	(1,105)
<b>Debt Service:</b>				
Principal Retirement	790,000	790,000	790,000	0
Interest and Fiscal Charges	753,428	753,428	753,428	0
<i>Total Expenditures</i>	<u>14,146,561</u>	<u>14,284,289</u>	<u>14,393,936</u>	<u>(109,647)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,314,373</u>	<u>(691,340)</u>	<u>(792,246)</u>	<u>(100,906)</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	0	59,527	59,527	0
Advances Out	0	0	(145,130)	(145,130)
Transfers Out	0	(240,291)	(575,875)	(335,584)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(180,764)</u>	<u>(661,478)</u>	<u>(480,714)</u>
<i>Net Change in Fund Balance</i>	1,314,373	(872,104)	(1,453,724)	(581,620)
<i>Fund Balance Beginning of Year</i>	22,450,962	22,450,962	22,450,962	0
<i>Prior Year Encumbrances Appropriated</i>	45,500	45,500	45,500	0
<i>Fund Balance End of Year</i>	<u>\$23,810,835</u>	<u>\$21,624,358</u>	<u>\$21,042,738</u>	<u>(\$581,620)</u>

See accompanying notes to the basic financial statements

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Statement of Net Position*  
*Fiduciary Funds*  
*June 30, 2020*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$88,276</u>
<b>Liabilities</b>	
Due to Students	<u>\$88,276</u>

See accompanying notes to the basic financial statements



**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 1 - Description of the District and Reporting Entity**

The Mahoning County Career & Technical Center (District) is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code and is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A vocational school exposes students to job training leading to employment upon graduation from high school. The District includes thirteen member schools spread throughout Mahoning, Trumbull, Columbiana and Portage Counties.

The District operates under a seven-member Board of Education and is responsible for the provision of public education to residents of the District. The Board consists of the five members of the Mahoning County Educational Service Center Governing Board, representing the eleven local school districts, and one representative from each of the two city school districts, Struthers and Campbell. The Mahoning County Educational Service Center Governing Board cannot directly impose their will on the District; therefore, the District is a related organization of the Mahoning County Educational Service Center.

A. Reporting Entity

The reporting entity is composed of the stand-alone government, component units and other organizations that are included to ensure that the financial statements are not misleading. The stand-alone government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District this includes the agencies and departments that provide the following services: general operations, food service, adult education and student related activities of the District.

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

The following entities which perform activities within the District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District.

City of Canfield - The city government is a separate body politic and corporate. A mayor and council are elected independent of any District relationships and administer the provision of traditional city services. Council acts as the taxing and budgeting authority for these city services.

Member School Districts - The District accepts non-tuition students from each of the thirteen member school districts. Each of the member school districts are considered separate political subdivisions and are not considered a part of the District.

# Mahoning County Career & Technical Center

Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020*

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Canfield Branch of the Mahoning County Public Library - The Library is a distinct political subdivision of the State of Ohio governed by a board of trustees. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. The District does not serve as the taxing authority for the Library.

The District participates in certain organizations which are defined as jointly governed organizations and as public entity risk pools. The jointly governed organizations are presented in Note 15 to the basic financial statements and the public entity risk pools are presented in Note 18. These organizations are:

- \*Area Cooperative Computerized Educational Service System/ACCESS Assembly
- \*Mahoning Area Consortium Tech Prep
- \*Ohio Association of School Business Officials Ohio Workers' Compensation Group Rating Program
- \*Ohio School Plan
- \*Mahoning County Insurance Consortium
- \*Ohio Schools Council

## **Note 2 - Summary of Significant Accounting Policies**

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

### **A. Basis of Presentation**

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities and fund financial statements which provide a more detailed level of financial information.

#### Government-wide Financial Statements:

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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Fund Financial Statements:

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

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District has no proprietary funds.

Governmental Funds:

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

General Fund - The general fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the District account for grants and other resources, and capital projects of the District, whose uses are restricted, committed or assigned to a particular purpose.

Fiduciary Fund Type:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's trust fund includes a private purpose trust fund which accounts for a scholarship program for students. This fund had no balance or activity in fiscal year 2020 and therefore no statement is presented. The District's fiduciary funds are agency funds that account for student activities, unclaimed funds and district agency payments.

# Mahoning County Career & Technical Center

Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020*

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## C. Measurement Focus

### Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

### Fund Financial Statements:

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

## 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 and the statements for the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred inflows, deferred outflows, and in the presentation of expenses versus expenditures.

### Revenues – Exchange and Non-Exchange Transactions:

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal values, 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 District, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the District 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 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

# Mahoning County Career & Technical Center

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*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020*

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

## Deferred Outflows/Inflows of Resources:

In addition to assets, the statements of net position and balance sheets will sometimes 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 District, deferred outflows of resources include a deferred charge on refunding, pension and OPEB reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 12 and 13.

In addition to liabilities, the statements of net position and balance sheets 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 District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes delinquent property taxes and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide of statement of net position (see Notes 12 and 13).

## Expenses/Expenditures:

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

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

## E. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level.

# Mahoning County Career & Technical Center

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*Notes to the Basic Financial Statements  
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The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were passed by the Board of Education.

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

## F. Cash and Cash Equivalents and Investments

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

During fiscal year 2020, investments were limited to United States Treasury notes, mutual funds and securities issued by the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Agricultural Mortgage Corporation, Federal Farm Credit Bureau, the Private Export Funding Corporation and the State Treasury Assets Reserve (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

STAR 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 District 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 fiscal year 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business days(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest revenue credited to the General Fund during fiscal year 2020 amounted to \$541,001, none of which was assigned from other District funds. The interest revenue amount reported included a non-cash cost basis to market value adjustment made on the District's investments as of the balance sheet date. Interest credited to the general fund on a cash (budget) basis amounted to \$297,686.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District, and investments maturing within three months of fiscal year end are presented on the financial statements as cash equivalents. Investments with an original maturity of more than one year or maturing more than three months after fiscal year end are presented on the financial statements as investments.

**Mahoning County Career & Technical Center**  
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*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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G. Inventory

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

H. Capital Assets

The District's only capital assets are general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 years
Buildings and Improvements	45 years
Furniture, Fixtures and Equipment	3 - 20 years

I. Discount on Certificates of Participation

On the government-wide financial statements, certificate discounts are deferred and amortized over the term of the certificates using the straight line method. Discounts are presented as a decrease of the face amount of the certificates of participation payable. On fund financial statements, discounts are expensed in the year issued.

J. Deferred Amount (Loss) on Refunding

The difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the deferred amount (loss) on refunding, is being amortized as a component of interest expense. This accounting loss amortized over the remaining life of the old or new debt, whichever is shorter, and is presented as a deferred outflow of resources on the statement of net position.

# Mahoning County Career & Technical Center

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*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020*

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## K. Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the District's past experience of making termination payments.

## L. Accrued Liabilities and Long-term Obligations

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

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

## M. Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include operation of instructional services and food service operation. Net position restricted for debt service includes money to be used for the repayment of the outstanding certificates of participation.

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

## N. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the District 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 category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from



# Mahoning County Career & Technical Center

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*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020*

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the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education. Those committed amounts cannot be used for any other purpose unless the District 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 District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the District Board of Education, which may be expressed by a motion but need not be passed by formal action, such as a Board Resolution.

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

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

## O. Internal Activity

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

## **Mahoning County Career & Technical Center**

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*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020*

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**P. Interfund Balances**

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

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

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension 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 systems. 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 systems report investments at fair value.

**R. Bond Premium**

On the government wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are receipted in the year the bonds are issued.

**S. Estimates**

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

### **Note 3 – Change in Accounting Principles**

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The District evaluated implementing these certain GASB pronouncements based on the guidance in GASB 95.

For fiscal year 2020, the District implemented the Governmental Accounting Standards Board’s (GASB) Statement No. 90, “Majority Equity Interest—an amendment of GASB Statement No. 14 and No. 61” and *Implementation Guide No. 2018-1*. These changes were incorporated in the District’s 2020 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 90, Majority Equity Interest - an amendment of GASB Statement No. 14 and No. 61, aims to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 4 – Fund Deficits**

Fund balances at June 30, 2020 included the following individual fund deficit:

Nonmajor Governmental Fund:	<u>Deficit</u>
Vocational Education - Carl Perkins Grant Fund	\$31,208

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. This deficit fund balance is the result of adjustments for accrued liabilities.

**Note 5 - Budgetary Basis of Accounting**

While the District is reporting its financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual 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 GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed or assigned fund balances (GAAP basis).
4. The change in fair value of investments is not included on the budget basis operating statement, however, it is included on the GAAP basis operating statement.
5. \*Certain funds have legally separate adopted budgets (budget) but are included in the General Fund (GAAP basis).

\*As part of Governmental Accounting Standards Board No. 54 "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund on a GAAP basis. These include the uniform school supplies and public school support special revenue funds.

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*For the Fiscal Year Ended June 30, 2020*

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

Net Change in Fund Balance	
	General
GAAP Basis	\$346,777
Net Adjustment for Revenue Accruals	(1,969,899)
Advances Out	(145,130)
Beginning Fair Value Adjustment	115,717
Ending Fair Value Adjustment	133,826
Net Adjustment for Expenditure Accruals	155,031
Net Adjustment for Funds Budgeted as Special Revenue	(6,038)
Adjustment for Encumbrances	(84,008)
Budget Basis	(\$1,453,724)

**Note 6 - Deposits and Investments**

State statutes classify monies held by the District 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 District 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 District has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

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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 division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
  7. The State Treasurer's investment pool (STAR Ohio);
  8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

Deposits At fiscal year end, the carrying amount of the District's deposits was \$9,340,248, plus cash on hand of \$645. As of June 30, 2020, all but \$386,893 of the District's bank balance of \$9,080,592 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market 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 market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2020, the District's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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*Notes to the Basic Financial Statements*  
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Investments at June 30, 2020, the District had the following investments and maturities:

	<u>Fair Value</u>	<u>Maturity</u>
STAROhio	\$950,533	Less than One Year
Money Market Mutual Funds	507,959	Less than One Year
United States Treasury Notes	405,200	Less than One Year
Municipal Bonds	1,506,190	Less than One Year
Commercial Paper	1,996,130	Less than One Year
Federal Home Loan Bank Bonds	252,295	Less than One Year
Federal Agricultural Mortgage Corporation Bonds	764,535	Less than One Year
United States Treasury Notes	543,862	One to Three Years
Federal Home Loan Bank Bonds	757,312	One to Three Years
Federal Farm Credit Bureau Bonds	2,000,060	One to Three Years
Federal Home Loan Mortgage Corporation Bonds	227,394	One to Three Years
United States Treasury Notes	510,868	Three to Five Years
Federal Home Loan Mortgage Corporation Bonds	1,550,101	Three to Five Years
Federal Farm Credit Bureau Bonds	999,370	Three to Five Years
Total Portfolio	<u>\$12,971,809</u>	

Interest Rate Risk. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. As of June 30, 2020, the District's investments in Mutual Funds were not rated, STAROhio was rated AAAM, Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Bonds, Federal Agricultural Mortgage Corporation Bonds, Federal Farm Credit Bureau Bonds, Commercial Paper and Municipal Bonds were rated AA+ by Standard and Poors and Aaa by Moody's.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk. The District places no limit on the amount it may invest in any one issuer. The following is the District's allocation as of June 30, 2020:

<u>Investment</u>	<u>Percent of Total</u>
Money Market Mutual Funds	3.92%
Federal Agricultural Mortgage Corporation	5.89%
U. S. Treasury Note	11.25%
STAR Ohio	7.33%
Federal Farm Credit Bureau	23.13%
Federal Home Loan Mortgage Corporation	13.70%
Municipal Bonds	11.61%
Commercial Paper	15.39%
Federal Home Loan Bank	7.78%
Total	<u>100.00%</u>

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**Note 7 – Property Taxes**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District 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 located in the District. Real property tax revenue received in calendar 2020 represent collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2020 represents collections of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2019 became a lien December 31, 2018, were levied after April 1, 2019 and are collected in 2020 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Mahoning, Trumbull, Portage, and Columbiana Counties. The Mahoning County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2020 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2020, was \$254,700 in the General Fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which the fiscal year 2020 taxes were collected are:

	2019 Second Half Collections		2020 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$3,559,503,320	94.21 %	\$3,580,447,470	93.65 %
Public Utility Personal	218,851,320	5.79	242,942,220	6.35
<b>Total</b>	<b>\$3,778,354,640</b>	<b>100.00 %</b>	<b>\$3,823,389,690</b>	<b>100.00 %</b>
Tax rate per \$1,000 of assessed valuation	\$2.10		\$2.10	

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**Note 8 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental fund and all other governmental funds are presented below:

Fund Balances	General	Nonmajor Governmental	Total
<b><i>Nonspendable</i></b>			
Inventory	\$12,859	\$818	\$13,677
<b><i>Restricted for</i></b>			
Food Service Operations	0	9,427	9,427
Adult Education	0	684,709	684,709
Technology Improvements	0	23	23
Basic PELL Education Program	0	85	85
Student Wellness	0	61,442	61,442
Debt Service Payments	0	1,775	1,775
Capital Improvements	0	127,071	127,071
Other Purposes	0	3,101	3,101
<i>Total Restricted</i>	<u>0</u>	<u>887,633</u>	<u>887,633</u>
<b><i>Committed to</i></b>			
Debt Payment Reserve	665,099	0	665,099
<b><i>Assigned to</i></b>			
Encumbrances	84,008	0	84,008
Certificates of Participation	22,204,114	0	22,204,114
<i>Total Assigned</i>	<u>22,288,122</u>	<u>0</u>	<u>22,288,122</u>
<b><i>Unassigned (Deficit)</i></b>	<u>(1,103,348)</u>	<u>(31,208)</u>	<u>(1,134,556)</u>
<b><i>Total Fund Balances</i></b>	<u><u>\$21,862,732</u></u>	<u><u>\$857,243</u></u>	<u><u>\$22,719,975</u></u>

**Note 9 - Receivables**

Receivables at June 30, 2020, consisted of accrued interest, accounts, interfund, intergovernmental grants and property taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds. All receivables are expected to be collected within one year. For fiscal year 2020, the District's intergovernmental receivable of \$145,053 was for a Student Wellness grant, a Carl Perkins grant, a Basic PELL Education grant and a Miscellaneous Federal grant.



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**Note 10 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance 6/30/19	Additions	Reductions	Balance 6/30/20
<b>Governmental Activities:</b>				
Capital assets not being depreciated				
Land	\$125,000	\$0	\$0	\$125,000
Construction in progress	0	1,193,196	0	1,193,196
Total capital assets not being depreciated	<u>125,000</u>	<u>1,193,196</u>	<u>0</u>	<u>1,318,196</u>
Capital assets being depreciated				
Land improvements	515,240	0	0	515,240
Buildings and improvements	30,839,369	0	0	30,839,369
Furniture, fixtures and equipment	3,456,972	188,924	0	3,645,896
Vehicles	176,491	97,000	0	273,491
Total capital assets being depreciated	<u>34,988,072</u>	<u>285,924</u>	<u>0</u>	<u>35,273,996</u>
Accumulated depreciation				
Land improvements	(301,909)	(30,316)	0	(332,225)
Buildings and improvements	(9,460,962)	(756,747)	0	(10,217,709)
Furniture, fixtures and equipment	(2,289,369)	(166,213)	0	(2,455,582)
Vehicles	(102,822)	(16,525)	0	(119,347)
Total accumulated depreciation	<u>(12,155,062)</u>	<u>(969,801) *</u>	<u>0</u>	<u>(13,124,863)</u>
Capital assets being depreciated, net	<u>22,833,010</u>	<u>(683,877)</u>	<u>0</u>	<u>22,149,133</u>
Governmental activities capital assets, net	<u>\$22,958,010</u>	<u>\$509,319</u>	<u>\$0</u>	<u>\$23,467,329</u>

\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$800,273
Vocational	124,023
Support Services:	
Instructional Staff	11,955
Administration	1,624
Fiscal	485
Operation and Maintenance of Plant	18,576
Pupil Transportation	6,153
Central	210
Operation of Food Services	6,193
Extracurricular	309
Total Depreciation Expense	<u>\$969,801</u>

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**Note 11 – Risk Management**

A. Property and Liability

The District 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. Settled claims have not exceeded insurance coverage in the last three years. During fiscal year 2020, the District contracted for the following insurance coverage:

Type of Coverage	Coverage
<b>Coverage provided by Ohio School Plan:</b>	
Property/Boiler and Machinery (\$1,000 deductible)	\$75,767,720
Extra Expense (\$1,000 deductible)	1,000,000
Aircraft (\$1,000 deductible)	227,288
Crime (\$1,000 deductible)	50,000
Fleet Insurance, single limit (\$250 deductible - comprehensive)	2,000,000
(\$1,000 deductible - busses)	
(\$500 deductible - collision)	
 <b>Coverage provided by The Ohio School Plan:</b>	
General Liability	
in aggregate	\$4,000,000
Per occurrence	2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from last year.

B. Workers' Compensation

For 2020, the District participated in the Ohio Association of School Business Officials Ohio Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18).

C. Employee Medical Benefits

The District has contracted with the Mahoning County Insurance Consortium to provide employee medical/surgical benefits since 1982. The Mahoning County Insurance Consortium is a shared risk pool comprised of various Mahoning County school districts. Rates are set through an annual calculation process. The District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The District pays medical/surgical premiums of \$1,918 for family coverage and \$685 for single coverage per employee per month.

Dental insurance is also provided through the Mahoning County Insurance Consortium. Premiums for dental coverage are \$36 for single coverage and \$87 for family.

Vision coverage is provided through Vision Service Plan. Monthly premiums for vision coverage are \$32.

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**Note 12 – Defined Benefits Pension Plans**

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

**A. Net Pension Liability/Net OPEB Liability**

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, 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 proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

**B. School Employees Retirement System**

Plan Description - District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, 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

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2020, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$191,457 for fiscal year 2020. Of this amount \$20,233 is reported as an intergovernmental payable.

**C. State Teachers Retirement System**

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

## **Mahoning County Career & Technical Center**

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. 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.

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

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2020, the full employer contribution was allocated to pension.

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The District's contractually required contribution to STRS was \$847,390 for fiscal year 2020. Of this amount \$102,401 is reported as an intergovernmental payable.

***D. 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, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District'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:

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.03749620%	0.04868067%	
Proportion of the Net Pension Liability Current Measurement Date	0.03816680%	0.04936407%	
Change in Proportionate Share	<u>0.00067060%</u>	<u>0.00068340%</u>	
Proportionate Share of the Net Pension Liability	\$2,283,587	\$10,916,567	\$13,200,154
Pension Expense	\$329,843	\$1,553,667	\$1,883,510

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$57,907	\$88,880	\$146,787
Change of Assumptions	0	1,282,361	1,282,361
Change in Proportionate Share	32,821	753,422	786,243
District contributions subsequent to the measurement date	<u>191,457</u>	<u>847,390</u>	<u>1,038,847</u>
Total Deferred Outflows of Resources	<u>\$282,185</u>	<u>\$2,972,053</u>	<u>\$3,254,238</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$47,255	\$47,255
Net difference between projected and actual earnings on pension plan investments	29,314	533,543	562,857
Change in Proportionate Share	<u>29,898</u>	<u>102,964</u>	<u>132,862</u>
Total Deferred Inflows of Resources	<u>\$59,212</u>	<u>\$683,762</u>	<u>\$742,974</u>

\$1,038,847 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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	SERS	STRS	Total
<b>Fiscal Year Ending June 30:</b>			
2021	\$59,261	\$811,669	\$870,930
2022	(33,924)	370,036	336,112
2023	(10,445)	165,310	154,865
2024	16,624	93,886	110,510
Total	<u>\$31,516</u>	<u>\$1,440,901</u>	<u>\$1,472,417</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.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	7.50 Percent Net of Investment Expense, Including Inflation
COLA or Ad hoc COLA	2.50 Percent
Future Salary Increases, Including Inflation	3.50 Percent to 18.20 Percent
Wage Inflation	3.00 Percent

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 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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 by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*.

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A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's Proportionate Share of the Net Pension Liability	\$3,200,121	\$2,283,587	\$1,514,958

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Projected Salary Increases	12.50 Percent at Age 20 to 2.50 Percent at Age 65
Investment Rate of Return	7.45 Percent, Net of Investment Expenses, Including Inflation
Discount Rate of Return	7.45 Percent
Payroll Increases	3.00 Percent
Cost of Living Adjustments (COLA)	0 Percent, Effective July 1, 2017



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

Actuarial assumptions used in the July 1, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

Asset Class	Target Allocation*	Long-Term Expected Rate of Return **
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Fixed Income	21.00	3.00
Alternatives	17.00	7.09
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
<b>Total</b>	<b>100.00 %</b>	<b>7.45 %</b>

\*Target weights will be phased in over a 24-month period concluding July 1, 2019.

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

**Discount Rate** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

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

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	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's Proportionate Share of the Net Pension Liability	\$15,953,347	\$10,916,567	\$6,652,675

***E. Social Security System***

Effective, July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System of Ohio. As of June 30, 2020, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**Note 13 – Defined Benefit Other Postemployment Benefit (OPEB) Plans**

See note 12 for a description of the net OPEB liability (asset).

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

**Health Care Plan Description** - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. 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 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered

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payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the District's surcharge obligation was \$8,904.

The surcharge added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$8,904 for fiscal year 2020, all of which was reported as an intergovernmental payable.

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

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. 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.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.03629500%	0.04868067%	
Proportion of the Net OPEB Liability			
Current Measurement Date	<u>0.03698890%</u>	<u>0.04936407%</u>	
Change in Proportionate Share	<u>0.00069390%</u>	<u>0.00068340%</u>	
Proportionate Share of the Net OPEB Liability (Asset)	\$930,193	(\$817,587)	\$112,606
OPEB Expense	\$12,419	(\$217,066)	(\$204,647)

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At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$13,655	\$74,121	\$87,776
Net difference between projected and actual earnings on OPEB plan investments	2,231	0	2,231
Change of Assumptions	67,940	17,186	85,126
Change in Proportionate Share	21,271	172,095	193,366
District contributions subsequent to the measurement date	8,904	0	8,904
<b>Total Deferred Outflows of Resources</b>	<b>\$114,001</b>	<b>\$263,402</b>	<b>\$377,403</b>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$204,358	\$41,595	\$245,953
Net difference between projected and actual earnings on pension plan investments	0	51,350	51,350
Change of Assumptions	52,124	896,388	948,512
Change in Proportionate Share	7,984	0	7,984
<b>Total Deferred Inflows of Resources</b>	<b>\$264,466</b>	<b>\$989,333</b>	<b>\$1,253,799</b>

\$8,904 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
<b>Fiscal Year Ending June 30:</b>			
2021	(\$57,341)	(\$161,919)	(\$219,260)
2022	(23,421)	(161,919)	(185,340)
2023	(22,766)	(141,336)	(164,102)
2024	(22,871)	(134,112)	(156,983)
2025	(22,531)	(129,656)	(152,187)
Thereafter	(10,439)	3,011	(7,428)
<b>Total</b>	<b>(\$159,369)</b>	<b>(\$725,931)</b>	<b>(\$885,300)</b>

**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.

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.22 percent
Prior Measurement Date	3.70 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

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

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

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 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12 for details.

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**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019, was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent 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 3.13 percent, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. 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 District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.0% decreasing to 3.75%) and higher (8.0% decreasing to 5.75%) than the current rate.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
District's proportionate share of the net OPEB liability (asset)	\$1,129,078	\$930,193	\$772,056
	1% Decrease (6.0 % decreasing to 3.75 %)	Current Trend Rate (7.0% decreasing to 4.75 %)	1% Increase (8.0 % decreasing to 5.75 %)
District's proportionate share of the net OPEB liability (asset)	\$745,273	\$930,193	\$1,175,537

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

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Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return - Current Year	7.45 percent
Health Care Cost Trends:	
<i>Medical</i>	
Pre-Medicare	5.87 percent initial, 4 percent ultimate
Medicare	4.93 percent initial, 4 percent ultimate
<i>Prescription Drug</i>	
Pre-Medicare	7.73 percent initial, 4 percent ultimate
Medicare	9.62 percent initial, 4 percent ultimate

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

Actuarial assumptions used in the June 30, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2019.

**Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as 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.

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	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net OPEB asset	(\$697,648)	(\$817,587)	(\$918,428)
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	(\$927,107)	(\$817,587)	(\$683,453)

**Note 14 – Other Employee Benefits**

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to two hundred sixty-five days for classified employees and two hundred seventy-five days for certified employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum accumulation of sixty-five days for classified employees and sixty-eight days for certified employees. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

B. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to its employees. Coverage is \$30,000 per classified employee and \$50,000 per certified and administrative employee. Life insurance is provided through the Metropolitan Educational Insurance Company.

**Note 15 – Jointly Governed Organizations**

A. Area Cooperative Computerized Educational Service System/ACCESS Assembly

The Area Cooperative Computerized Educational Service System/ACCESS Assembly (ACCESS) is a consortium of participating school districts in Mahoning and Columbiana Counties, educational service centers, non-public schools and Special Education Regional Resource Centers.

The jointly governed organization was formed for the purpose of utilizing computers and other electronic equipment for administrative and instructional functions among member districts. These include educational management information system services, fiscal services, library services, network services and student services.



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ACCESS is governed by an Assembly, which makes all decisions regarding programs, fees, budget and policy. The Assembly is composed of the Superintendent of each of the member districts. Assembly members may designate proxy attendees at meetings for voting purposes. The Assembly meets twice per year, once in November and once in May. Budgets and fees are discussed at the fall meeting, while the Board of Directors are chosen at the spring meeting.

While the Assembly has overall governance for ACCESS, the Board of Directors is selected to make the majority of the day to day operational decisions. Everything from equipment purchases, contracts, personnel action and financial oversight is handled by the Board. The Board is made up of two superintendents each from both Mahoning and Columbiana counties, and the superintendents from both the Mahoning County and Columbiana County Educational Service Centers. The ACCESS Executive Director and the Treasurer are also part of the Board of Directors, but are non-voting members.

All ACCESS revenues are generated from charges for services and State funding. Each of the members supports the ACCESS Assembly based upon a per pupil charge. The District paid a monthly fee to ACCESS during fiscal year 2020. Financial information can be obtained by contacting the Treasurer, Brian Stidham, at 493 Bev Road, Unit 1, Boardman, Ohio, 44512.

### **B. Mahoning Area Consortium (MAC) Tech Prep**

The MAC Tech Prep works with participating area high schools and Youngstown State University to create seamless college prep career-technical education programs that begin in the junior year of high school and continue through an associate or bachelor's degree program. College Tech Prep programs stress mathematics, science, communications, and technology.

All of the consortium revenues are from state and federal grants. The consortium is governed by an executive committee consisting of the superintendents of the school districts, the President or designee of Youngstown State University and representatives of business or industry. The committee exercises total control over the operation of the Consortium, including budgeting, appropriating, contracting and designating management.

### **C. Ohio Schools Council**

The Ohio Schools Council ("the Council") is a jointly governed organization among participating school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to member districts. The Council's Board consists of seven superintendents of the participating districts whose terms rotate every year. The degree of control exercised by any school district is limited to its representation on the Board. Financial information for the Council can be obtained by contacting the Executive Secretary of the Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

In fiscal year 2020, the District participated in the Council's electric energy program. This program allows school districts to purchase electricity at reduced rates. The participants make monthly payments based on estimated usage. At the end of the fiscal year, these estimated monthly payments are compared to their actual usage and any necessary adjustments are made.

The District does not retain an ongoing financial interest or an ongoing financial responsibility in any of these organizations.

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**Note 16 – Long-Term Obligations**

The changes in the District's long-term obligations during the fiscal year ended June 30, 2020, were as follows:

	Principal Outstanding 6/30/19	Additions	Deductions	Principal Outstanding 6/30/20	Amounts due in One Year
<b>General Obligation Bonds:</b>					
2015 Current Interest Term & Serial	\$1,565,000	\$0	(\$45,000)	\$1,520,000	\$0
Unamortized Issuance Premium	78,871	0	(3,093)	75,778	0
Capital Appreciation Bonds	19,999	0	0	19,999	11,175
Accretion on Capital Appreciation Bonds	33,983	13,534	0	47,517	33,825
2018 School Improvement	1,030,000	0	(55,000)	975,000	60,000
<i>Total General Obligation Bonds</i>	<u>2,727,853</u>	<u>13,534</u>	<u>(103,093)</u>	<u>2,638,294</u>	<u>105,000</u>
<b>Certificates of Participation:</b>					
11/20/14 Certificates of Participation	9,120,000	0	(245,000)	8,875,000	250,000
Discount on Certificates of Participation	(85,266)	0	3,492	(81,774)	0
<i>Subtotal</i>	<u>9,034,734</u>	<u>0</u>	<u>(241,508)</u>	<u>8,793,226</u>	<u>250,000</u>
9/20/17 Certificates of Participation	12,380,000	0	(545,000)	11,835,000	555,000
Unamortized Issuance Premium	600,149	0	(34,294)	565,855	0
<i>Subtotal</i>	<u>12,980,149</u>	<u>0</u>	<u>(579,294)</u>	<u>12,400,855</u>	<u>555,000</u>
<i>Total Certificates of Participation</i>	<u>22,014,883</u>	<u>0</u>	<u>(820,802)</u>	<u>21,194,081</u>	<u>805,000</u>
<b>Other Long-Term Obligations:</b>					
Long-Term Note	54,946	0	(54,946)	0	0
Compensated Absences	1,148,833	34,065	(85,264)	1,097,634	86,509
<i>Total Other Long-Term Liabilities</i>	<u>1,203,779</u>	<u>34,065</u>	<u>(140,210)</u>	<u>1,097,634</u>	<u>86,509</u>
<i>Total Before Net Pension/OPEB Liability</i>	<u>25,946,515</u>	<u>47,599</u>	<u>(1,064,105)</u>	<u>24,930,009</u>	<u>996,509</u>
<b>Net Pension Liability:</b>					
STRS	10,703,786	212,781	0	10,916,567	0
SERS	2,147,477	136,110	0	2,283,587	0
<i>Total Net Pension Liability</i>	<u>12,851,263</u>	<u>348,891</u>	<u>0</u>	<u>13,200,154</u>	<u>0</u>
<b>Net OPEB Liability:</b>					
SERS	1,006,921	0	(76,728)	930,193	0
<i>Total Net OPEB Liability</i>	<u>1,006,921</u>	<u>0</u>	<u>(76,728)</u>	<u>930,193</u>	<u>0</u>
<i>Total Long-Term Obligations</i>	<u>\$39,804,699</u>	<u>\$396,490</u>	<u>(\$1,140,833)</u>	<u>\$39,060,356</u>	<u>\$996,509</u>

On January 8, 2015, the District issued general obligation bonds in the amount of \$1,749,999 for the purpose of paying the costs of constructing, reconstructing and otherwise improving the roof of the existing career center building. The bonds were issued at a premium of \$92,789, mature on December 1, 2035 and have an interest rate ranging for 2.0% to 4.0%.

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On August 21, 2018, the District issued School Improvement Bonds, Series 2018, in the amount of \$1,050,000 for the purpose of various capital improvements. The bonds were issued at an interest rate of 4.0 percent and will mature on December 1, 2032.

On September 20, 2017, the District issued Certificates of Participation of \$13,005,000 (par value) with interest rates ranging from 3.00% to 4.00% to currently refund \$13,160,000 of the 10/15/09 Certificates of Participation with rates ranging from 2.00% to 4.75%. The term certificates mature 12/1/2036 and are callable 12/1/2025. The refunding certificates were issued at a premium of \$651,590 and, after paying issuance costs of \$233,855, the net proceeds were \$13,422,735. The net proceeds from the issuance of the certificates of participation were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the certificates are called. The advance refunding met the requirements of an in-substance debt defeasance and the Certificates of Participation were removed from the District's government-wide financial statements.

As a result of the advance refunding, the District reduced its total debt service requirements by \$2,177,428, which resulted in an economic gain (difference between the present value of debt service payments on the old and new debt) of \$1,678,959.

On November 11, 2014, the District entered a lease agreement, the facilities lease and the ground lease, with the Ohio School Building Leasing Corporation, as lessor, for the purpose of constructing, furnishing, improving, equipping, lease and eventual acquisition, of additions, renovations and other improvements to a new Administration Building. The Ohio School Building Leasing Corporation in turn entered into an agreement with The Huntington National Bank, as Trustee, through which it assigned and transferred its rights, title, and interest under the leases to The Huntington National Bank. The Trustee issued Certificates of Participation in the lease agreement enabling holders of the Certificates to receive a portion of the semiannual lease payments. The Certificates of Participation have a par value of \$9,595,000, interest rates ranging from 3.375% to 6.25%, were issued at a discount of \$101,271 and will be repaid over 28 years with principal payment beginning in fiscal year 2017. Huntington bank is holding \$665,099 in escrow for the District to be applied to future debt payments.

Pursuant to Section 133.06 of the Ohio Revised Code, the obligations of these lease-purchase agreements will not be construed as net indebtedness of the District.

The capital lease is being repaid from the general fund.

Compensated absences will be paid from the general fund and the food service, adult education and vocational education special revenue funds. The District pays obligations related to employee compensation from the fund benefitting from their service.

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Notes 12 and 13.

The District's overall legal debt margin was \$341,590,073 with an unvoted debt margin of \$3,823,390 at June 30, 2020. Principal and interest requirements to retire the General Obligation Bonds, Certificates of Participation and Lease outstanding at June 30, 2020, are as follows:

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Fiscal Year Ending June 30,	General Obligation Bonds					
	Current Interest Term & Serial Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$0	\$58,675	\$58,675	\$11,175	\$33,825	\$45,000
2022	0	58,675	58,675	8,824	36,176	45,000
2023	45,000	58,085	103,085	0	0	0
2024	45,000	56,903	101,903	0	0	0
2025	45,000	55,722	100,722	0	0	0
2026 - 2030	250,000	254,241	504,241	0	0	0
2031 - 2035	305,000	199,250	504,250	0	0	0
2036 - 2040	375,000	131,450	506,450	0	0	0
2041 - 2045	455,000	48,675	503,675	0	0	0
<b>Total</b>	<b>\$1,520,000</b>	<b>\$921,676</b>	<b>\$2,441,676</b>	<b>\$19,999</b>	<b>\$70,001</b>	<b>\$90,000</b>

Fiscal Year Ending June 30,	General Obligation Bonds (continued)		
	2018 School Improvement		
	Principal	Interest	Total
2021	\$60,000	\$39,000	\$99,000
2022	60,000	36,600	96,600
2023	65,000	34,200	99,200
2024	65,000	31,600	96,600
2025	70,000	29,000	99,000
2026 - 2030	385,000	101,600	486,600
2031 - 2034	270,000	22,000	292,000
<b>Total</b>	<b>\$975,000</b>	<b>\$294,000</b>	<b>\$1,269,000</b>

Fiscal year Ending June 30,	9/20/17 Refunding		11/20/2014	
	Certificate of Participation		Certificate of Participation	
	Principal	Interest	Principal	Interest
2021	\$555,000	\$410,150	\$250,000	\$314,827
2022	575,000	387,550	260,000	307,065
2023	605,000	363,950	265,000	301,188
2024	615,000	339,550	270,000	294,700
2025	580,000	315,650	280,000	287,650
2026-2030	3,255,000	1,204,150	1,525,000	1,306,407
2031-2035	3,900,000	582,984	1,795,000	1,022,256
2036-2040	1,750,000	57,322	2,170,000	641,000
2041-2044	0	0	2,060,000	172,300
<b>Total</b>	<b>\$11,835,000</b>	<b>\$3,661,306</b>	<b>\$8,875,000</b>	<b>\$4,647,393</b>

# Mahoning County Career & Technical Center

Mahoning County, Ohio

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020*

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## **Note 17 - Contingencies**

### A. Grants:

The District 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 District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

### B. Litigation:

The District is not party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2020.

### C. District Foundation:

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by Schools throughout the State, which can extend past the fiscal year end. The final adjustment was not material and is not reflected in the accompanying financial statements.

## **Note 18 – Public Entity Risk Pools**

### A. Insurance Purchasing Pool

The District participates in the Ohio Association of School Business Officials Ohio Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. Each year, the participating school districts pay an enrollment fee to the GRP to cover the cost of administering the program. Sheakley UniService, Inc. is the third party administrator for the program.

### B. Ohio School Plan

The District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a ten member Board of directors consisting of school district superintendents and treasurers. Hylant Administrative Services, Inc. is the Administrator of the OSP and is responsible for processing claims.

### C. Shared Risk Pool

The Mahoning County Insurance Consortium is a shared risk pool comprised of participating Mahoning 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 elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

All Consortium revenues are generated from charges for services.

**Note 19 – Interfund Activity**

Interfund Transfers

Interfund transfers for the year ended June 30, 2020, consisted of the following, as reported on the fund financial statements:

	Transfers In	Transfers Out
Major Governmental Fund:		
General	\$0	\$510,362
Non-major Governmental Funds:		
Bond Retirement	201,725	0
Permanent Improvement Fund	20,500	0
Capital Project Fund - Fire Tower	264,994	0
Food Service Fund	14,493	0
Vocational Education - Carl Perkins	8,650	0
	\$510,362	\$510,362

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) 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. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund Advances

The interfund receivable/payable consisted of the following at June 30, 2020, as reported on the fund financial statements:

	Interfund Receivable	Interfund Payable
Major Governmental Fund:		
General	\$145,130	\$0
Non-major Governmental Fund:		
Vocational Education Enhancement	0	7,000
Vocational Education-Carl Perkins	0	95,141
Basic PELL Education Grant Program	0	24,413
Miscellaneous Federal Grants	0	18,576
Total	\$145,130	\$145,130

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

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

**Note 20 – Set Asides**

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

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

	Capital Improvements
Set-Aside Reserve Balance as of June 30, 2019	\$0
Current Year Set-Aside Requirement	142,611
Qualifying Disbursements	(1,213,696)
Total	(\$1,071,085)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$0
Cash balance as of June 30, 2020	\$0

Although the District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

**Note 21 – 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 District. The District's investment portfolio and the investments of the pension and other employee benefit plans in which the District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either Federal or State, cannot be estimated.

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**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*School Employees Retirement System of Ohio (SERS)*  
*Last Seven Fiscal Years (1)*

	2020	2019	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.03816680%	0.03749620%	0.03708240%	0.03947230%	0.04123090%	0.04050300%	0.04050300%
School District's Proportionate Share of the Net Pension Liability	\$2,283,587	\$2,147,477	\$2,215,591	\$2,889,008	\$2,352,676	\$2,049,834	\$2,408,583
School District's Employee Payroll	\$1,345,037	\$1,368,052	\$1,232,843	\$1,273,229	\$1,287,350	\$1,228,521	\$1,178,446
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Employee Payroll	169.78%	156.97%	179.71%	226.90%	182.75%	166.85%	204.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*State Teachers Retirement System of Ohio (STRS)*  
*Last Seven Fiscal Years (1)*

	2020	2019	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.049364070%	0.048680670%	0.043018040%	0.043071530%	0.044946110%	0.046949170%	0.046949170%
School District's Proportionate Share of the Net Pension Liability	\$10,916,567	\$10,703,786	\$10,219,028	\$14,417,339	\$12,421,790	\$11,419,663	\$13,603,028
School District's Employee Payroll	\$5,907,357	\$5,583,421	\$4,836,937	\$4,661,703	\$4,796,286	\$4,954,837	\$4,799,072
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Employee Payroll	184.80%	191.71%	211.27%	309.27%	288.99%	230.48%	283.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Required Supplementary Information  
Schedule of School District Pension Contributions  
School Employees Retirement System of Ohio (SERS)  
Last Eight Fiscal Years (1)*

	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$191,487	\$181,580	\$184,687	\$172,598	\$178,252	\$169,158	\$170,273	\$163,097
Contributions in Relation to the Contractually Required Contribution	(\$191,487)	(\$181,580)	(\$184,687)	(\$172,598)	(\$178,252)	(\$169,158)	(\$170,273)	(\$163,097)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$1,367,550	\$1,345,037	\$1,368,052	\$1,232,843	\$1,273,229	\$1,287,350	\$1,228,521	\$1,178,446
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%

(1) Information prior to 2013 available upon request.

See accompanying notes to the required supplementary information.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Required Supplementary Information  
Schedule of School District Pension Contributions  
State Teachers Retirement System of Ohio (STRS)  
Last Eight Fiscal Years (1)*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$847,390	\$827,030	\$781,679	\$677,171	\$682,638	\$671,480	\$644,129	\$623,879
Contributions in Relation to the Contractually Required Contribution	(\$847,390)	(\$827,030)	(\$781,679)	(\$677,171)	(\$682,638)	(\$671,480)	(\$644,129)	(\$623,879)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$6,052,786	\$5,907,357	\$5,583,421	\$4,836,937	\$4,661,703	\$4,796,286	\$4,954,837	\$4,799,072
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

(1) Information prior to 2013 available upon request.

See accompanying notes to the required supplementary information.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability*  
*School Employees Retirement System of Ohio (SERS)*  
*Last Four Fiscal Years (1)*

	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.03698890%	0.03629500%	0.03589460%	0.03589460%
School District's Proportionate Share of the Net OPEB Liability	\$930,193	\$1,006,921	\$963,317	\$1,023,129
School District's Employee Payroll	\$1,345,037	\$1,368,052	\$1,232,843	\$1,273,229
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Employee Payroll	69.16%	73.60%	78.14%	80.36%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)*  
*State Teachers Retirement System of Ohio (STRS)*  
*Last Four Fiscal Years (1)*

	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability (Asset)	0.049364070%	0.048680670%	0.043018040%	0.043071530%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$817,587)	(\$782,249)	\$1,678,405	\$2,300,616
School District's Employee Payroll	\$5,907,357	\$5,583,421	\$4,836,937	\$4,661,703
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Employee Payroll	-13.84%	-14.01%	34.70%	49.35%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	174.74%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Required Supplementary Information  
Schedule of School District OPEB Contributions  
School Employees Retirement System of Ohio (SERS)  
Last Eight Fiscal Years (1)*

	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$8,904	\$18,940	\$11,859	\$11,536	\$8,727	\$24,185	\$18,604	\$18,236
Contributions in Relation to the Contractually Required Contribution	(\$8,904)	(\$18,940)	(\$11,859)	(\$11,536)	(\$8,727)	(\$24,185)	(\$18,604)	(\$18,236)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$1,367,550	\$1,345,037	\$1,368,052	\$1,232,843	\$1,273,229	\$1,287,350	\$1,228,521	\$1,178,446
Contributions as a Percentage of Covered-Employee Payroll	0.65%	1.41%	0.87%	0.94%	0.69%	1.92%	1.51%	1.55%

(1) Information prior to 2013 available upon request.

See accompanying notes to the required supplementary information.

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Required Supplementary Information  
Schedule of School District OPEB Contributions  
State Teachers Retirement System of Ohio (STRS)  
Last Eight Fiscal Years (1)*

	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	\$0	\$0	\$0	\$0	\$0	\$0	\$49,548	\$47,991
Contributions in Relation to the Contractually Required Contribution	\$0	\$0	\$0	\$0	\$0	\$0	(\$49,548)	(\$47,991)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered-Employee Payroll	\$6,052,786	\$5,907,357	\$5,583,421	\$4,836,937	\$4,661,703	\$4,796,286	\$4,954,837	\$4,799,072
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

(1) Information prior to 2013 available upon request.

See accompanying notes to the required supplementary information.



**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

**Net Pension Liability**

**Changes in Assumptions – SERS**

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 & Prior
Wage Inflation	3.00 Percent	3.25 Percent
Future Salary Increases, Including Inflation	3.50 Percent to 18.20 Percent	4.00 Percent to 22.00 Percent
Investment Rate of Return	7.50 Percent Net of Investment Expense, Including Inflation	7.75 Percent Net of Investment Expense, Including Inflation

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

**Changes in Assumptions - STRS**

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

	Fiscal Year 2018
Inflation	2.50 Percent
Projected Salary Increases	12.50 Percent at Age 20 to 2.50 Percent at Age 65
Investment Rate of Return	7.45 Percent, Net of Expenses, Including Inflation
Payroll Increases	3.00 Percent
Cost of Living Adjustments (COLA)	0 Percent, Effective July 1, 2017

  

	Fiscal Year 2017 & Prior
Inflation	2.75 Percent
Projected Salary Increases	12.25 Percent at Age 20 to 2.75 Percent at Age 70
Investment Rate of Return	7.75 Percent, Net of Expenses, Including Inflation
Payroll Increases	3.50 Percent
Cost of Living Adjustments (COLA)	2 Percent Simple applied as follows: For Members Retiring Before August 1, 2013 3 percent per year. For Members retiring August 1, 2013 or later, 2 percent COLA commences on 5th anniversary date

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

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

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

**Net OPEB Liability**

**Changes in Assumptions – SERS**

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

Municipal Bond Index Rate:

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

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

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

**Changes in Assumptions – STRS**

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

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

**Mahoning County Career & Technical Center**  
Mahoning County, Ohio

*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

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**Changes in Benefit Terms – STRS OPEB**

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

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

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

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**MAHONING COUNTY CAREER & TECHNICAL CENTER  
MAHONING COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
National School Lunch Program	10.555	006	\$ 155,608
National School Lunch Program - Commodities	10.555	006	24,197
School Breakfast Program	10.553	006	50,684
Total Child Nutrition Cluster:			<u>230,489</u>
Total U.S. Department of Agriculture			<u><b>230,489</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Direct Program</i>			
Student Financial Assistance Cluster:			
Federal Pell Grant Program	84.063	535-9020	179,836
Federal Pell Grant Program	84.063	535-9019	16,904
Federal Direct Student Loans	84.268	022-9120	179,980
Total Student Financial Assistance Cluster:			<u>376,720</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Career and Technical Education - Basic Grants to States	84.048	524-919Q	25,844
Career and Technical Education - Basic Grants to States	84.048	524-920Q	342,107
Total Career and Technical Education - Basic Grants to States			<u>367,951</u>
Total U.S. Department of Education			<u><b>744,671</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><b>\$975,160</b></u>

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

**MAHONING COUNTY CAREER AND TECHNICAL CENTER  
MAHONING COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Mahoning County Career and Technical Center (the Center) under programs of the federal government for the year ended June 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Center.

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

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE C – INDIRECT COST RATE**

The Center has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

# OHIO AUDITOR OF STATE KEITH FABER



101 Central Plaza South  
700 Chase Tower  
Canton, Ohio 44702-1509  
(330) 438-0617 or (800) 443-9272  
EastRegin@ohioauditor.gov

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

Mahoning County Career and Technical Center  
Mahoning County  
7300 North Palmyra Road  
Canfield, Ohio 44406

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Mahoning County Career and Technical Center, Mahoning County, (the Center) as of and for the year ended June 30, 2020, 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 21, 2020. We noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Center.

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

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

December 21, 2020



# OHIO AUDITOR OF STATE KEITH FABER



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

Mahoning County Career and Technical Center  
Mahoning County  
7300 North Palmyra Road  
Canfield, Ohio 44406

To the Board of Education:

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

We have audited the Mahoning County Career and Technical Center's (the Center) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Mahoning County Career and Technical Center's major federal program for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Center's major federal program.

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

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

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

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

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

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

In our opinion, the Mahoning County Career and Technical Center complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2020.

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

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

December 21, 2020

**MAHONING COUNTY CAREER AND TECHNICAL CENTER  
MAHONING COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2020**

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

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

# OHIO AUDITOR OF STATE KEITH FABER



**MAHONING COUNTY CAREER AND TECHNICAL CENTER**

**MAHONING 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 12/29/2020**

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)