

PRELIMINARY OFFERING CIRCULAR DATED OCTOBER 7, 2025

NEW ISSUE; BOOK-ENTRY ONLY

Rating: Moody's Aa3
See **Rating**

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law, (i) assuming renewal of the Lease through the final renewal term and continuing compliance with certain covenants and the accuracy of certain representations, interest on the Series 2025 Certificates is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, and (ii) assuming renewal of the Lease through the final renewal term, interest on, and any profit made on the sale, exchange or other disposition of, the Series 2025 Certificates are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Interest on the Series 2025 Certificates may be subject to certain federal taxes imposed only on certain corporations. For a more complete discussion of the tax aspects, including the consequences of nonrenewal of the Lease, see **Tax Matters**.



\$24,305,000*

Certificates of Participation, Series 2025 Evidencing Proportionate Interests of the Owners Thereof in Base Rent To Be Paid By the Board of Education of Polaris Career Center, Ohio

Dated: Closing Date

Due: November 1, as shown on the inside cover

Series 2025 Certificates. The Series 2025 Certificates are being issued pursuant to the Trust Agreement described below. The Series 2025 Certificates and any other Certificates of Participation outstanding under the Trust Agreement (Certificates) evidence proportionate interests in Base Rent to be paid by the Board of Education of Polaris Career Center, Ohio (the School District), pursuant to a Lease-Purchase Agreement (the Lease) between Ohio School Building Leasing Corporation (the Corporation), as lessor, and the School District, as lessee. The Corporation has assigned, without recourse, all of its rights under the Lease and a Ground Lease, from the School District to Zions Bancorporation, National Association, as Trustee (the Trustee), pursuant to a Trust Agreement and an Assignment of Leases from the Corporation to the Trustee.

Subject to Appropriation. The term of the Lease consists of a series of one-year terms, each ending on June 30, except the final Lease Term. The Ground Lease term ends five years after the final Lease Term. **The School District's obligation to pay Lease Payments during a future Lease Term are subject to and dependent upon annual renewal of the Lease by the School District and annual appropriations being made by the School District to pay Lease Payments.** In the event no such appropriation is made, the Lease will terminate. There can be no assurance that the Leased Property can be relet for the remainder of the Ground Lease term or that proceeds from any such re-letting of the Leased Property will be sufficient to pay principal of and interest on the Certificates. **The School District's obligation to pay Lease Payments does not constitute a debt of the School District within the meaning of any constitutional or statutory limitation. Certificate Payments will be made solely from amounts derived under the Lease, including Lease Payments.** See **Investors' Risks** herein.

Book Entry Only. The Series 2025 Certificates will be initially issued only as fully registered securities, one for each maturity and interest rate within a maturity, if applicable, issuable under a book-entry system, registered initially in the name of The Depository Trust Company or its nominee (DTC). There will be no distribution of Series 2025 Certificates to the ultimate purchasers. The Series 2025 Certificates in certificated form as such will not be transferable or exchangeable, except for transfer to another nominee of DTC or as otherwise described in this Offering Circular. See **Appendix E**.

Payment. (See Maturity Schedule on inside cover). Principal of and interest will be payable to the registered owner (DTC), principal upon presentation and surrender (except as otherwise may be provided) at the designated corporate trust office of the Trustee (Zions Bancorporation, National Association), and interest transmitted by the Trustee on each interest payment date (May 1 and November 1 of each year, commencing May 1, 2026*) to the registered owner (DTC) as of the close of business on the 15th day of the calendar month next preceding that interest payment date.

Prior Redemption.* The Series 2025 Certificates maturing on or after November 1, 20__, are subject to optional redemption by the School District prior to maturity, on any date on and after November 1, 20__. Certain maturities of the Series 2025 Certificates may be subject to mandatory sinking fund redemption, and the Certificates are subject to special redemption, as described in this Offering Circular. See **Prior Redemption**.

The Series 2025 Certificates are offered when, as and if issued and accepted by Stifel, Nicolaus & Company, Incorporated (the Underwriter), subject to the opinion on certain legal matters relating to their issuance of Squire Patton Boggs (US) LLP, Bond Counsel to the School District. Certain legal matters will be passed upon for the School District by Squire Patton Boggs (US) LLP as Disclosure Counsel to the School District. Certain legal matters will be passed upon for the Underwriter by its counsel Bricker Graydon LLP. The Series 2025 Certificates are expected to be available for delivery to DTC or its agent on November 4, 2025.

STIFEL

This Offering Circular has been prepared by the School District in connection with the original offering for sale of the Series 2025 Certificates. The Cover includes certain information for quick reference only. *It is not a summary of the Series 2025 Certificate issue.* Investors should read the entire Offering Circular to obtain information as a basis for making informed investment judgments.

The date of this Offering Circular is October __, 2025, and the information herein speaks only as of that date.

* Preliminary; subject to change.

PRINCIPAL MATURITY SCHEDULE*
ON NOVEMBER 1

\$24,305,000 SERIAL CERTIFICATES

Year	Amount	Interest Rate	Price	CUSIP^{©(a)} No. 73105V
2027	\$ 895,000			
2028	1,305,000			
2029	1,380,000			
2030	1,425,000			
2031	1,500,000			
2032	1,575,000			
2033	1,675,000			
2034	1,750,000			
2035	1,825,000			
2036	1,925,000			
2038	2,100,000			
2039	2,205,000			
2040	2,315,000			
2041	2,430,000			

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* Preliminary; subject to change.

POLARIS CAREER CENTER, OHIO

SCHOOL DISTRICT OFFICIALS

Board of Education:	Michelle Bissell, President Jennifer Bolander Terry Groden Gina Lehmann Rocky Neale, Vice President Doug Schwind Kelly Walker
Superintendent:	Diane Xander
Treasurer:	Michael F. Robinson
Director of Operations and Facilities:	Michael Mayell

PROFESSIONAL SERVICE PROVIDERS

Bond and Disclosure Counsel:	Squire Patton Boggs (US) LLP
Trustee:	Zions Bancorporation, National Association
Underwriter:	Stifel, Nicolaus & Company, Incorporated
Underwriter's Counsel:	Bricker Graydon LLP
Verification Agent:	Causey Public Finance, LLC

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REGARDING THIS OFFERING CIRCULAR

This Offering Circular does not constitute an offering of any security other than the original offering of the Series 2025 Certificates identified on the Cover (as defined herein). No dealer, broker, sales person or other person has been authorized by the Board of Education of the School District to give any information or to make any representation other than as contained in this Offering Circular, and if given or made, such other information or representation must not be relied upon as having been given or authorized by the School District. This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2025 Certificates by any person, in any jurisdiction in which it is unlawful to make that offer, solicitation or sale.

The information in this Offering Circular is provided by the School District in connection with the original offering of the Series 2025 Certificates. Reliance should not be placed on any other information publicly provided, in any format including electronic, by the School District for other purposes, including general information provided to the public or to portions of the public. The information in this Offering Circular is subject to change without notice. Information located at websites referred to herein has been prepared by the respective entities responsible for maintaining such websites. The School District takes no responsibility for the continued accuracy of any internet address or the accuracy, completeness, or timeliness of any information posted at any such address. Neither the delivery of this Offering Circular nor any sale made under it shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the School District since its date.

This Offering Circular contains statements that the School District believes may be “forward-looking statements.” Words such as “plan,” “estimate,” “project,” “budget,” “anticipate,” “expect,” “intend,” “believe” and similar terms are intended to identify forward-looking statements. The achievement of results or other expectations expressed or implied by such forward-looking statements involves known and unknown risks, uncertainties and other factors that are difficult to predict, may be beyond the School District’s control and could cause actual results, performance or achievements to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. The School District undertakes no obligation, and does not plan, to issue any updates or revisions to such forward-looking statements.

UPON ISSUANCE, THE SERIES 2025 CERTIFICATES WILL NOT BE REGISTERED BY THE SCHOOL DISTRICT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW, AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER FEDERAL, STATE OR OTHER GOVERNMENTAL ENTITY OR AGENCY WILL HAVE AT THE REQUEST OF THE SCHOOL DISTRICT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING CIRCULAR OR APPROVED OR DISAPPROVED THE SERIES 2025 CERTIFICATES FOR SALE.

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interest rate within a maturity, if any, is subject to being changed after the issuance of the Series 2025 Certificates as a result of various subsequent actions including, but not limited to, a refunding in whole or in part as a result of the procurement of secondary market portfolio insurance and other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2025 Certificates.

The Ohio Municipal Advisory Council (OMAC) has requested that this paragraph be included in this Offering Circular. Certain information contained in the Offering Circular is attributed to OMAC. OMAC compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed this Offering Circular to confirm that the information attributed to it is information provided by OMAC or for any other purpose.

In connection with this offering, the Underwriter may overallocate or effect transactions that stabilize or maintain the market prices of the Series 2025 Certificates at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series 2025 Certificates to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the Cover, which public offering prices may be changed from time to time by the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Offering Circular. The Underwriter has reviewed the information in this Offering Circular in accordance with, and as part of its responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information.

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INTRODUCTORY STATEMENT

This Offering Circular has been prepared by the Board of Education (the Board) of Polaris Career Center, Ohio (the School District or District), in connection with the original issuance and sale of the Certificates of Participation identified on the Cover (the Series 2025 Certificates and any other Additional Certificates issued and outstanding under the Trust Agreement, the Certificates). Certain information concerning the Series 2025 Certificates, including their authorization, purpose, terms and security and sources of payment, and the School District is provided in this Offering Circular. Certain capitalized terms used and not otherwise defined in this Offering Circular have the meanings given to such terms in **Appendix G – Description of Documents – General; Definitions**. The Board is the governing body of and contracting party for the School District, and as used herein references to the School District include the Board.

This Introductory Statement briefly describes certain information relating to the Series 2025 Certificates and supplements certain information on the Cover. It is not intended as a substitute for the more detailed discussions in this Offering Circular. Investors should read the entire Offering Circular to obtain information as a basis for making informed investment judgments.

All financial and other information in this Offering Circular has been provided by the School District from its records, except for information expressly attributed to other sources and except for certain information on the Cover and under **Underwriting**. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the School District. No representation is made that past experience, as is shown by that financial and other information will necessarily continue or otherwise be predictive of future experience. See **Regarding This Offering Circular**.

This Offering Circular should be considered in its entirety and no one subject should be considered less important than another by reason of location in the text. Reference should be made to laws, reports or documents referred to for more complete information regarding their contents.

References to provisions of Ohio law, including the Revised Code, and the Ohio Constitution are references to those current provisions. Those provisions may be amended, repealed or supplemented.

Certain capitalized terms used and not otherwise defined in this Offering Circular have the meanings given to those terms in **Appendix G – Description of Documents – General Definitions**.

In addition, as used in this Offering Circular:

- **“Beneficial Owner”** means the owner of a book-entry interest in the Series 2025 Certificates, as defined in **Appendix E**.
- **“Board”** means the Board of Education of Polaris Career Center, Ohio.
- **“City”** means the City of Middleburg Heights, Ohio.
- **“Closing Date”** means the date of initial delivery of the Series 2025 Certificates against payment by the Underwriter.
- **“County”** means the County of Cuyahoga, Ohio.

- **“County Fiscal Officer”** means the Cuyahoga County Fiscal Officer.
- **“Cover”** means the cover page and the inside cover page of this Offering Circular.
- **“Debt charges”** or, in reference to Certificates, **“Certificate Payments”** means the principal (including any mandatory sinking fund redemption payments), interest and any redemption premium payable on the obligations referred to as those payments come due and are payable; debt charges may also be referred to as “debt service.”
- **“Fiscal Year”** means the 12-month period ending June 30, and reference to a particular Fiscal Year (such as “Fiscal Year 2026”) means the Fiscal Year ending on June 30 in that year.
- **“Revised Code”** means the Ohio Revised Code, as amended.
- **“State”** or **“Ohio”** means the State of Ohio.

The Series 2025 Certificates evidence proportionate interests in Base Rent to be paid by the School District pursuant to a Lease Purchase Agreement (as supplemented and amended, the Lease), between Ohio School Building Leasing Corporation (the Corporation), as lessor, and the School District, as lessee, to be signed and delivered pursuant to a Trust Agreement (as supplemented and amended, the Trust Agreement), between the Corporation and Zions Bancorporation, National Association, as Trustee. The Corporation is assigning to the Trustee, without recourse, all of its rights under the Lease and a Ground Lease (as supplemented and amended, the Ground Lease) from the School District to the Corporation, pursuant to the Trust Agreement and an Assignment of Leases (as supplemented and amended, the Assignment). The Ground Lease conveys a ground leasehold interest in certain of the School District’s school facilities and related facilities sites. See **The Series 2025 Certificates – The Leased Property, Sources of Payment and Security for the Certificates**.

The term of the Lease consists of a series of one-year terms, each ending on June 30, except the final Lease Term, which ends on the final Lease Payment Date. The Ground Lease term ends five years after the final Lease Term. The School District’s obligation to pay Lease Payments, including Base Rent, and any other amounts payable by the School District under the Lease during a future Lease Term are subject to and dependent upon annual renewal of the Lease by the School District and annual appropriations being made by the School District to pay Lease Payments. In the event no such appropriation is made, the Lease will terminate at the end of the then-current Lease Term. There can be no assurance that the Leased Property can be relet for the remainder of the Ground Lease term or that proceeds from any such re-letting of the Leased Property will be sufficient to pay principal and interest with respect to the outstanding Certificates. Clear title to and right of possession of the Leased Property will transfer to the School District upon the expiration of the Ground Lease term. The School District’s obligation to pay Lease Payments does not constitute a debt of the School District within the meaning of any constitutional or statutory limitation. Certificate Payments will be made solely from amounts derived under the Lease, including Lease Payments. See **Investors’ Risks**.

The Series 2025 Certificates will be initially delivered only as fully registered securities, one for each maturity and interest rate within a maturity, if applicable, issuable under a book-entry system and registered initially in the name of The Depository Trust Company, New York, New York, or its nominee (DTC). The Series 2025 Certificates will be issued in the denomination of \$5,000 or in whole multiples of \$5,000. See **The Series 2025 Certificates – General; Book-Entry System and Appendix E**.

Principal and interest will be payable to the registered owner (DTC). Principal of the Series 2025 Certificates will be payable on presentation and surrender (except as otherwise may be provided) at the designated corporate trust office of the Trustee. Interest on the Series 2025 Certificates will be transmitted by the Trustee on each interest payment date (May 1 and November 1, beginning May 1, 2026*) to the registered owner as of the 15th day of the calendar month next preceding that interest payment date.

The Series 2025 Certificates maturing on or after November 1, 20__,* are subject to prior redemption, by and at the sole option of the Board, in whole or in part as selected by the Board (in whole multiples of \$5,000), on any date on or after November 1, 20__,* at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date. Certain maturities of the Series 2025 Certificates may be subject to mandatory sinking fund redemption, as described in this Offering Circular. The Certificates are also subject to special redemption. See **Prior Redemption**.

The opinion as to the validity of the Series 2025 Certificates and on certain tax matters will be rendered by Squire Patton Boggs (US) LLP (Bond Counsel). See **Legal Matters and Tax Matters** and **Appendix D**.

THE SERIES 2025 CERTIFICATES

General

The Series 2025 Certificates evidence proportionate interests in Base Rent to be paid by the School District for the lease and eventual acquisition of certain real and personal property comprising the Leased Property (as defined under **The Leased Property**) pursuant to a Lease-Purchase Agreement (as supplemented and amended, the Lease), between the School District, as Lessee, and the Ohio School Building Leasing Corporation (the Corporation), an Ohio nonprofit corporation, as lessor. The Corporation's rights under the Lease and the Ground Lease described below have been assigned without recourse to Zions Bancorporation, National Association, as Trustee (the Trustee) under the Trust Agreement and the Assignment. The land and existing improvements included in the Leased Property are owned by the School District and are leased to the Corporation pursuant to the Ground Lease, with a term ending five years after the final Renewal Term of the Lease, subject to earlier termination as described herein. See **Appendix G**.

The Series 2025 Certificates are being delivered as Additional Certificates pursuant to the Trust Agreement, which creates an irrevocable trust for the benefit of the Owners of outstanding Series 2017 Certificates (a portion of which are being refunded by the Series 2025 Certificates, as described below), and any other Additional Certificates subsequently issued under the Trust Agreement (collectively, the Certificates). The Trustee, as assignee of the Corporation, will hold its leasehold interest in the Leased Property solely for the benefit of the Owners of the Certificates. See **Security for the Certificates – Additional Certificates and Parity Obligations**, and **Appendix G – Description of Documents – General; Definitions**.

The proceeds received from the sale of the Series 2025 Certificates will be used to refund the Series 2017 Certificates maturing on November 1 of the years 2026* through 2037*, 2041* and 2046* (collectively, the Refunded Certificates), which were issued under the Trust Agreement to pay costs of the construction, enlarging and other improvement, furnishing and equipping, and the lease and eventual acquisition, of facilities and improvements to facilities for

* Preliminary; subject to change.

School District purposes, including improvements to the School District's Career Center and building sites. See **The School System - School District Facilities; Insurance**.

The School District is required by the Lease to make Lease Payments from appropriated funds during the initial term of the Lease and any renewal thereof (the initial term of the Lease and such renewal period during which the Lease is in force are hereinafter referred to, individually and not collectively, as the Lease Term). The initial Lease Term commenced on March 14, 2017, and expired on June 30, 2018. The School District has renewed the Lease for each subsequent fiscal year, and, as of the Closing Date, the current Lease Term will have commenced as of July 1, 2025, and will expire on June 30, 2026. Each renewal of the Lease will be for a renewal Lease Term (Renewal Term) beginning July 1 and ending June 30 of the subsequent year, except that the final Renewal Term will end on November 1, 2041*.

The renewal of the Lease, the School District's obligation to pay Lease Payments and any other obligation of the School District under the Lease after expiration of the current Lease Term are subject to and dependent upon annual renewal of the Lease and annual appropriations by the School District sufficient to pay Lease Payments. Under the Lease, the School District's Treasurer is required to include in the annual budget request sufficient appropriated money to pay Lease Payments. If the School District does not make an appropriation of money sufficient to pay Lease Payments in any succeeding Lease Term, the Lease will terminate as of the end of the current Lease Term and the School District will be required to vacate and return possession of the Leased Property to the Trustee for the duration of the Ground Lease, all in accordance with and subject to the provisions of the Lease, the Ground Lease, the Assignment and the Trust Agreement. See **Security for the Certificates**.

Each Series 2025 Certificate represents an undivided proportionate interest in the portion of the Base Rent paid by the School District and denominated as principal under the Lease due and payable with respect to the maturity date of the Series 2025 Certificate and in the portion of the Base Rent paid by the School District and denominated as interest under the Lease.

Plan of Refunding

The proceeds from the sale of the Series 2025 Certificates that will be used to refund the Refunded Certificates will be deposited in a special account (the Escrow Fund) held by the Trustee pursuant to an Escrow Agreement between the Trustee, as escrow agent, and the School District dated as of the Closing Date (the Escrow Agreement). The funds deposited in the Escrow Fund will be held in cash, or if invested, will be invested in Defeasance Obligations (as defined in **Appendix G**) that mature or are subject to redemption by and at the option of the holder, in amounts sufficient, together with any uninvested cash in the account but without further investment or reinvestment, for the payment of (a) any interest on the Refunded Certificates due on each May 1 and November 1 between the date of issuance of the Series 2025 Certificates and the optional redemption date (Redemption Date) for the Refunded Certificates (December 4, 2025), and (b) principal of the Refunded Certificates due on the Redemption Date, all as provided in the Authorizing Legislation. The Authorizing Legislation provides for an irrevocable call for optional redemption of the Refunded Certificates on the Redemption Date, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the Redemption Date. See also **Verification of Mathematical Computations**.

* Preliminary; subject to change.

Sources and Uses

The estimated sources and uses of funds in connection with the issuance of the Series 2025 Certificates are as follows:

Sources of Funds:

Principal amount of Series 2025 Certificates
Net original issue premium
Total Sources

Application of Funds:

Deposit to Escrow Fund
To the Trustee for deposit in the Certificate
Fund
Costs of Issuance(a)
Total Uses

- (a) Includes costs of the issuance of the Series 2025 Certificates and the refunding of the Refunded Certificates, including Underwriter's discount.

Any net original issue premium received by the School District on the sale of the Series 2025 Certificates in excess of that necessary to fully fund the Escrow Fund, as described below, and to pay costs of issuing the Series 2025 Certificates and refunding the Refunded Certificates and any interest accrued on the Series 2025 Certificates will be deposited in the Certificate Fund. Money in that Fund is used to pay debt charges on outstanding Certificates. See also the discussion under **Verification of Mathematical Computations**.

The Leased Property

The Leased Property consists of the School District's Career Center building and site. See **The School System - School District Facilities; Insurance**.

No title insurance insuring the Trustee's ground leasehold interest in the Leased Property is being obtained in connection with the issuance of the Series 2025 Certificates. However, various levels of title review have been performed with respect to all of the properties making up the Leased Property.

General; Book-Entry System

The Series 2025 Certificates will be dated the Closing Date, will mature in the principal amounts and on the dates, and will bear interest (computed on the basis of a 360-day year consisting of twelve 30-day months), at the rates and be payable on the dates, at the place and in the manner, all as described on the Cover and in **Appendix E**.

The Series 2025 Certificates will be delivered in book-entry-only form and, when issued, registered in the name of The Depository Trust Company (DTC), New York, New York, or its nominee Cede & Co., which will act as securities depository for the Series 2025 Certificates. For discussion of the book-entry system and DTC and the replacement of Series 2025 Certificates in the event that the book-entry system is discontinued, see **Appendix E**.

Prior Redemption*

The Series 2025 Certificates are subject to redemption prior to stated maturity as follows.

Optional Redemption

The Series 2025 Certificates maturing on or after November 1, 20__, are subject to prior redemption, by and at the sole option of the School District, in whole or in part as selected by the School District (in whole multiples of \$5,000), on any date on and after November 1, 20__, at a redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the redemption date.

Mandatory Redemption

Some or all of the Series 2025 Certificates may be offered and sold as term certificates, with mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Trust Agreement, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date, on November 1 in the year or years as may be specified by the Underwriter at the time such Series 2025 Certificates are offered. Any term certificates redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory redemption requirement for the corresponding term certificates.

Special Redemption

In the event the Lease is terminated because the School District does not appropriate sufficient money to pay Lease Payments with respect to the Leased Property for any immediately succeeding Renewal Term, or the School District defaults under the Lease, all of the Outstanding Certificates are subject to special redemption by the Trustee in whole at any time for which the required notice may be given at a price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date, from any available funds. The Trustee has no obligation under the Trust Agreement to call Certificates for special redemption.

Selection of Series 2025 Certificates and Book-Entry Interests to be Redeemed

If fewer than all outstanding Series 2025 Certificates of one maturity or interest rate within a maturity, as applicable, are called for optional redemption at one time, the Series 2025 Certificates to be called will be called as selected by, and selected in a manner as determined by, the School District.

If less than all of an outstanding Series 2025 Certificates of one maturity or interest rate within a maturity, as applicable, under a book-entry system is to be called for redemption (in the amount of \$5,000 or any whole multiple), the Trustee will give notice of redemption only to DTC as registered owner. The selection of the book-entry interests in that Series 2025 Certificate to be redeemed is discussed below under **Notice of Call for Redemption; Effect**.

If certificates are issued to the ultimate owners, and if fewer than all of the Series 2025 Certificates of a single maturity are to be redeemed, the selection of Series 2025 Certificates (or portions of Series 2025 Certificates in the amount of \$5,000 or any whole multiple) to be redeemed will be made by lot in a manner determined by the Trustee.

* Preliminary; subject to change.

In the case of a partial redemption by lot when Series 2025 Certificates of denominations greater than \$5,000 are then outstanding, each \$5,000 unit of principal will be treated as if it were a separate Series 2025 Certificate of the denomination of \$5,000.

Notice of Call for Redemption; Effect

The Trustee is to cause notice of the call for redemption, identifying the Series 2025 Certificates to be redeemed, to be sent by first-class mail (or as otherwise provided), at least 30 days prior to the redemption date, as provided in the Trust Agreement. Any defect in the notice or any failure to receive notice by mailing will not affect the validity of any proceedings for the redemption of any Series 2025 Certificates.

On the date designated for redemption, Series 2025 Certificates or portions of Series 2025 Certificates called for redemption shall become due and payable. If the Trustee then holds sufficient money for payment of debt charges payable on that redemption date, interest on each Series 2025 Certificate so called for redemption will cease to accrue on that date.

So long as all Series 2025 Certificates are held under a book-entry system by a securities depository (such as DTC), a call notice is to be sent by the Trustee only to the depository or its nominee. Selection of book-entry interests in the Series 2025 Certificates called, and giving notice of the call to the owners of those interests called, is the sole responsibility of the depository and of its Direct Participants and Indirect Participants. Any failure of the depository to advise any Direct Participant, or of any Direct Participant or any Indirect Participant to notify the Beneficial Owners, of any such notice and in its content or effect will not affect the validity of any proceedings for the redemption of any Series 2025 Certificates. See **Appendix E**.

SOURCES OF PAYMENT

General

The Certificates evidence a proportionate right to, and are payable from, Revenues received under the Trust Agreement, which consist of (a) the Base Rent, (b) all other money received or to be received by the Trustee under the Lease, including without limitation, all income or other money realized from the lease or other disposition of the Leased Property by the Trustee under the Lease, (c) any money in the Certificate Fund (including the Lease Payment Account and the Redemption Account), and (d) all income and profit from the investment of the foregoing money; provided, however, that any investment income required under the Code to be rebated to the United States will not be, and will not be deemed to be, Revenues, and the Holders will have no claim or interest in that income. The Lease requires the School District to make Lease Payments including Base Rent payable on the dates and in amounts equal to the Certificate Payments then due. The Lease also requires the School District to pay Additional Rent in amounts sufficient to pay Trustee fees and other enumerated expenses.

The Lease provides that the School District's obligation to pay the Lease Payments during a Lease Term is absolute and unconditional, subject to and dependent upon annual appropriations by the School District to pay Lease Payments. During each Lease Term, Lease Payments are payable without any right of set-off or counterclaim regardless of any contingencies. See **Security for the Certificates – Non-Appropriation**; and **Investors' Risks – Risks Associated with Non-Appropriation of Lease Payments**.

The Lease Payments cannot be accelerated under the Lease or the Trust Agreement.

The renewal of the Lease beyond each Lease Term and the School District's obligation to pay Lease Payments are subject to and dependent upon annual renewal of the Lease and annual

appropriations by the School District sufficient to pay Lease Payments. The School District's obligation to pay Lease Payments does not constitute a debt of the School District within the meaning of any constitutional or statutory limitation. Payments with respect to the Certificates will be made solely from amounts derived under the terms of the Lease, including the Base Rent, and amounts from time to time on deposit under the terms of the Trust Agreement.

If the Lease is renewed annually for each Lease Term, the Lease requires that Lease Payments be paid on the dates and in the amounts set forth in **Debt Table C**, and the Trust Agreement provides that such amounts be deposited in the Certificate Fund and applied to pay amounts due with respect to the Certificates.

SECURITY FOR THE CERTIFICATES

General

Each Certificate evidences a proportionate interest in Base Rent to be paid by the School District to the Trustee under the Lease. See **The Series 2025 Certificates**.

The renewal of the Lease beyond a Lease Term and the School District's obligations to pay Lease Payments and any other amounts payable by the School District under the Lease are subject to and dependent upon annual appropriations by the School District to pay Lease Payments and to pay such other obligations. If the Board does not make an appropriation of money sufficient to pay Lease Payments in any succeeding Lease Term with respect to the Leased Property, the Lease will terminate subject to reinstatement as herein described, and the School District is required to vacate and return possession of the Leased Property to the Trustee for the duration of the Ground Lease and to transfer any money in the Project Fund to the Trustee for deposit in the Lease Payment Account, all in accordance with and subject to the terms of the Lease and the Trust Agreement. In that event, the Trustee would be entitled to exercise all available remedies, but subject to the terms of the Ground Lease.

The money and investments held by the Trustee under the Trust Agreement are irrevocably held in trust for the benefit of the Certificate Holders and the School District, as their interests appear, and for the purposes specified in the Trust Agreement. Such money, and any income or interest earned thereon, will be expended only as provided in the Trust Agreement and will not be subject to levy or attachment by lien by or for the benefit of any creditor of the Trustee, the School District or any Certificate Holder.

Under the terms of the Lease, the School District is obligated during each Lease Term to pay on each Lease Payment Date the Lease Payment payable on that Lease Payment Date, plus any Additional Rent when due during the Lease Term. The Base Rent due on each Lease Payment Date equals the aggregate amount of Certificate Payments that are due on the corresponding Certificate Payment Date. The current Lease Term will end on June 30, 2025, subject to renewal for subsequent Renewal Terms (July 1 to June 30 except the final Renewal Term, which ends on the final Lease Payment Date) in accordance with the provisions of the Lease.

Non-Appropriation

The Lease provides that the renewal of the Lease for an additional Renewal Term and the obligation of the School District to pay Lease Payments during that Renewal Term are subject to the appropriation by the Board of amounts sufficient to pay those Lease Payments when due. The obligation to pay Lease Payments is payable exclusively from annually appropriated money, and is not an indebtedness of the School District. The School District agrees in the Lease that, through its Treasurer, it shall request provision for Lease Payments to the extent necessary in each

annual budget and in the appropriation resolution presented to the Board, but the Lease acknowledges that appropriating School District money is a legislative act performed by the Board.

If, prior to the beginning of any Renewal Term, sufficient funds have not been appropriated for the purpose of paying the Lease Payments scheduled to be paid during that ensuing Renewal Term in accordance with the Lease (see **Appendix G – Description of Documents – Lease–Purchase Agreement**), the Lease will terminate on such last day of the then current Lease Term; provided, however, that if by September 1 of the next Fiscal Year an Appropriation is made that would have caused the Lease to have continued in effect if the Appropriation had been made prior to the date of termination, then the Lease will be reinstated and deemed renewed as of the day following the date of such termination.

In the event the Lease is terminated due to non-appropriation without reinstatement, the School District is under no obligation to make any future Lease Payments. Under those circumstances, the Trustee will have all legal and equitable rights and remedies to take possession of the Leased Property (subject to appropriate indemnification of the Trustee by Certificate Holders), and the School District agrees to peaceably surrender possession of the Leased Property to the Trustee not later than the 45th day following such termination. In addition, the School District is required to transfer any remaining money in the Project Fund to the Trustee for deposit in the Lease Payment Account. In such event, all of the Outstanding Certificates, including the Series 2025 Certificates will be subject to special redemption as described under **The Series 2025 Certificates – Prior Redemption – Special Redemption**. See **Investors’ Risks – Risks Associated with Non-Appropriation of Lease Payments**.

Limitations on Remedies

The enforceability of the Lease and the Trust Agreement is subject to bankruptcy laws and other laws affecting creditors’ rights and to the exercise of judicial discretion. The Leased Property is designed to be used as school facilities. Because of that design and the delays inherent in obtaining judicial remedies, it should not be assumed that the remedies available to the Trustee could be accomplished rapidly. Any delays in the ability of the Trustee to obtain possession of the Leased Property could result in delays in the payment of Certificate Payments.

Before taking certain actions under the Certificate Documents, the Trustee may require that a satisfactory indemnity or indemnity bond or other assurance be furnished to it by the Certificate Holders for the reimbursement of all expenses that it may incur and to protect it against all liability by reason of any action so taken, except liability that is adjudicated to have resulted from its negligence or willful misconduct.

In addition, upon the occurrence and continuance of an Event of Default, the Trustee may use any amounts available in the Certificate Fund to preserve and protect the Leased Property and the rights of the Certificate Holders and to pay expenses that it may incur in carrying out its responsibilities under the Certificate Documents.

Additional Certificates

So long as the Lease remains in effect, the School District may direct the Trustee to sign and deliver Additional Certificates from time to time to provide funds to pay the costs of refunding Outstanding Certificates or to pay the costs of making any modifications or improvements to School District facilities as the School District deems necessary or desirable; provided, however, that if an Event of Default under the Trust Agreement or an event of non-appropriation under the Lease has occurred and is continuing, no Additional Certificates will be signed and delivered by the Trustee. The Lease also permits the School District to incur other

lease obligations for school facilities pursuant to Revised Code Section 3313.375 on a parity with the Lease (the Parity Obligations) for any lawful purpose.

The Series 2025 Certificates are being issued as Additional Certificates under the Trust Agreement to refund the Refunded Certificates. See **The Series 2025 Certificates – General**. Including the Series 2017 Certificates that are not Refunded Certificates, these are the only Certificates outstanding under the Trust Agreement. See **Debt Table C**.

Defeasance

The Certificates are subject to defeasance and may be paid or provided for with money or specified investment securities provided by the School District in connection with the School District's exercise of its option to purchase the Leased Property prior to the maturity of all Certificates or the advance refunding of Certificates. See **Appendix G – Description of Documents – Trust Agreement**.

INVESTORS' RISKS

This discussion of risk factors is not, is not intended to be, and cannot be exhaustive; see also **Security for the Certificates – Non-Appropriation and Tax Matters**.

Risks Associated with Non-Appropriation of Lease Payments

As set forth under **Source of Payment**, the Certificates are payable solely from Lease Payments, including Base Rent. Under the Lease, the School District's obligation to make the Lease Payments after a Lease Term and to renew the Lease Term for a Renewal Term are subject to and dependent upon annual appropriations by the School District sufficient to pay Lease Payments due during that Renewal Term. Although the School District, through its Treasurer, intends to request provision for Lease Payments to the extent necessary in each annual budget and in the appropriation resolution presented to the Board, there is no assurance that the Board will approve such budget appropriation. The failure of the School District to make annual appropriation for Lease Payments would cause the Lease to terminate as of the end of its current annual Lease Term, requiring the School District to vacate and return the Leased Property to the Trustee for the balance of the term of the Ground Lease and to transfer any money in the Project Fund to the Trustee for deposit in the Lease Payment Account. If the Lease were to terminate, the only sources of payment for the Certificates would be money in the Certificate Fund, to the extent available for such payments under the Trust Agreement and any other money received by the Trustee from the lease of the Leased Property. There is no assurance that the Trustee could replace the School District with a tenant who would lease the Leased Property for a rental sufficient to pay the remaining Certificate Payments.

A termination of the Lease would allow the Trustee to redeem the Certificates under the special redemption provisions of the Trust Agreement. The Trustee, however, has no obligation under the Trust Agreement to call for a special redemption of Certificates. Owners have no right to accelerate the maturities of the Certificates in the event of a nonrenewal of the Lease Term due to non-appropriation of Lease Payments by the School District. Certificate Owners, therefore, might be left without an adequate remedy in such an event. Moreover, Bond Counsel is expressing no opinion as to the treatment for federal income tax purposes or for Ohio state and local income tax purpose of money received by Owners of Certificates following a termination of the Lease as a consequence of an event of non-appropriation. Each Owner should carefully examine the tax implications of such an event. See **Tax Matters**.

Risks Associated with Enforceability of Remedies

Enforcement of remedies under the Certificate Documents may be limited or restricted by laws relating to bankruptcy, insolvency, arrangement, fraudulent conveyance or transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion, and to limitations on legal remedies against public entities. The enforceability of the liens under the Trust Agreement, the Ground Lease and the Lease may be subject to subordination or priority of claims in certain instances other than bankruptcy proceedings. Examples of possible limitations on enforceability and a possible subordination of prior claims include (a) statutory liens, (b) rights arising in favor of the United States of America or any agency thereof, (c) present or future prohibitions against assignment, (d) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in exercise of its equitable jurisdiction, (e) claims that might arise with respect to certain property if appropriate financing or continuation statements are not filed in accordance with the Ohio Uniform Commercial Code (the UCC) from time to time in effect or as a result of the UCC not providing for perfection of a security interest in those elements of Revenues that can be perfected under UCC only by taking possession of such collateral, and (f) federal bankruptcy laws, including, without limitation, those relating to limitations on the payment of future rentals under leases of real property and those affecting payments made after and within 90 days prior to any institution of bankruptcy proceedings by or against the obligor.

Cybersecurity

The School District, like many other public and private entities, relies on a large and complex technology environment to conduct its operations and faces multiple cybersecurity threats, including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and other digital networks and systems (collectively, Systems Technology). As a recipient and provider of personal, private, or sensitive information, the School District may be the target of cybersecurity incidents that could result in adverse consequences to the School District and its Systems Technology, requiring action to mitigate the consequences. Cybersecurity incidents could result from unintentional events or from deliberate attacks by unauthorized entities or individuals attempting to gain access to the School District's Systems Technology for the purposes of misappropriating assets or information or causing operational disruption and damage.

To mitigate the risk of operations impact and/or damage from cybersecurity incidents or cyberattacks, the School District invests in multiple forms of cybersecurity and operational safeguards. While School District cybersecurity and operational safeguards are periodically tested, no assurances can be given by the School District that such measures will ensure against cybersecurity threats and attacks, and any breach could damage the School District's Systems Technology and cause material disruption to the School District's finances or operations. The costs of remedying any such damage or protecting against future attacks could be substantial and may exceed applicable insurance coverages. See **The School System — School District Facilities; Insurance**. Furthermore, cybersecurity breaches could expose the School District to material litigation and other legal risks, which could cause the School District to incur material costs. The School District has not had any direct cybersecurity incidents in the last five years.

Ohio Real Property Tax Reform

From time to time, (i) legislative proposals may be introduced in the General Assembly, (ii) ballot initiatives may be proposed by electors and (iii) court proceedings may be filed, which, in each case, if to become law, could alter or amend one or more of the ad valorem property tax matters referred to herein and which may have a materially adverse effect on the market value of the Series 2025 Certificates. See **Ad Valorem Property Taxes – Considerations Regarding Real Property Tax Reform**.

LITIGATION

To the knowledge of the appropriate School District officials, no litigation or administrative action or proceeding is pending restraining or enjoining, or seeking to restrain or enjoin, the issuance and delivery of the Series 2025 Certificates, the signing, delivery and performance of the Lease and the Ground Lease by the School District and the Trust Agreement by the Trustee. The School District will deliver to the Underwriter a certificate to that effect at the time of original delivery of the Series 2025 Certificates to the Underwriter.

Moreover, the School District is not a party to any legal proceedings that would have a material adverse effect on either the improvements being financed in part with the proceeds of the Series 2025 Certificates or the finances of the School District.

Under current Ohio law, School District money, accounts and investments are not subject to attachment to satisfy tort judgments in State courts against the School District.

See also **The School System – School District Facilities; Insurance.**

LEGAL MATTERS

Certain legal matters incident to the issuance of the Series 2025 Certificates and with regard to certain tax matters (see **Tax Matters**) are subject to the opinion of Squire Patton Boggs (US) LLP, Bond Counsel to the School District. The signed legal opinion of Bond Counsel, substantially in the form attached hereto as **Appendix D**, dated and premised on law in effect on the date of issuance of the Series 2025 Certificates, will be delivered on the date of issuance of the Series 2025 Certificates. The text of the opinion to be delivered may vary from the text as set forth in **Appendix D** if necessary to reflect facts and law on the date of issuance. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Offering Circular or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referred to in the opinion subsequent to its date.

Squire Patton Boggs (US) LLP, in its capacity as Bond Counsel, has drafted those portions of this Offering Circular under the captions **The Series 2025 Certificates** (excluding certain information concerning the book-entry system there and in **Appendix E, Sources of Payment, Security for the Certificates and Tax Matters**).

Certain legal matters will be passed upon for the Underwriter by its counsel, Bricker Graydon LLP.

Squire Patton Boggs (US) LLP, both in its capacity as Bond Counsel and Disclosure Counsel to the School District, and others, including the Underwriter, have assisted the School District with its preparation of certain other portions of this Offering Circular and participated with responsible School District officials and staff in meetings and telephone/video conferences where other statements and information contained in this Offering Circular were reviewed for accuracy and completeness. Bond Counsel and Disclosure Counsel and those other parties, however, have not been engaged to, and will not, independently confirm or verify such statements or information or any other statements or information provided by the School District or others, and will not be responsible for the accuracy, completeness or fairness of any such statements or information or any other reports, financial information, offering or disclosure documents or other information pertaining to the Series 2025 Certificates that may be prepared or made available by the School District or others to potential or actual purchasers of the Series 2025 Certificates, to owners of the Series 2025 Certificates, including Beneficial Owners, or to others.

The legal opinions and other letters of counsel to be delivered concurrently with the delivery of the Series 2025 Certificates express the professional judgment of the attorneys rendering the opinions or advice regarding the legal issues and other matters expressly addressed therein. By rendering a legal opinion or advice, the giver of such opinion or advice does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinions or advice are rendered, or of the future performance of parties to the transaction. Nor does the rendering of an opinion or letter guarantee the outcome of any legal dispute that may arise out of the transaction.

The Board has also retained the legal services of Squire Patton Boggs (US) LLP from time to time as special counsel in connection with matters that do not relate to School District financings. That law firm also serves and has served as bond counsel for one or more of the political subdivisions that the School District territorially overlaps and also serves and has served as counsel to the Underwriter in connection with matters that do not relate to the Series 2025 Certificates or the School District.

TAX MATTERS

In the opinion of Squire Patton Boggs (US) LLP, Bond Counsel, under existing law: (i) interest on the Series 2025 Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the Code), and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; and (ii) interest on, and any profit made on the sale, exchange or other disposition of, the Series 2025 Certificates are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity capital of financial institutions, and the net worth base of the corporate franchise tax. Under certain circumstances, interest paid for periods following termination of the Lease by non-appropriation may not be excluded from gross income for federal income tax purposes. Bond Counsel expresses no opinion on the federal income tax or Ohio state or local income tax treatment of amounts paid to Owners of the Certificates in the event of termination of the Lease by non-appropriation or as to any other tax consequences regarding the Certificates. See also **Security for the Certificates – Non-Appropriation**.

The opinion on federal tax matters will be based on and will assume the accuracy of certain representations and certifications, and continuing compliance with certain covenants, of the School District contained in the transcript of proceedings and that are intended to evidence and assure the foregoing, including that the Series 2025 Certificates are and will remain obligations the interest on which is excluded from gross income for federal income tax purposes. Bond Counsel will not independently verify the accuracy of the School District's certifications and representations or the continuing compliance with the School District's covenants.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel's legal judgment as to exclusion of interest on the Series 2025 Certificates from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (IRS) or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and the enforcement of the Code or those regulations by the IRS.

The Code prescribes a number of qualifications and conditions for the interest on state and local government obligations to be and to remain excluded from gross income for federal income tax purposes, some of which require future or continued compliance after issuance of the obligations. Noncompliance with these requirements by the School District may cause loss of such status and result in the interest on the Certificates being included in gross income for federal income tax purposes retroactively to the date of issuance of the Certificates. The School District

has covenanted to take the actions required of it for the interest on the Certificates to be and to remain excluded from gross income for federal income tax purposes, and not to take any actions that would adversely affect that exclusion. Notwithstanding the previous sentence, in the event of termination of the Lease by non-appropriation, use of the Project in a manner that would cause the Lease, if such Project had originally been used in such manner, to constitute a “private activity bond” under Section 141 of the Code may prompt the Internal Revenue Service to take the position that the interest on the Certificates is subject to federal income taxation, retroactive to the date of signing and delivery. Moreover, in the event of termination of the Lease by non-appropriation, the interest on the Certificates could become subject to Ohio state and local income taxation, retroactive to the date of signing and delivery. After the date of issuance of the Certificates, Bond Counsel will not undertake to determine (or to so inform any person) whether any actions taken or not taken, or any events occurring or not occurring, or any other matters coming to Bond Counsel’s attention, may adversely affect (i) the exclusion from gross income for federal income tax purposes of interest on the Certificates, (ii) the exemption from Ohio state and local income tax of interest on the Certificates, or (iii) the market value of the Certificates.

Interest on the Series 2025 Certificates may be subject: (1) to a federal branch profits tax imposed on certain foreign corporations doing business in the United States; (2) to a federal tax imposed on excess net passive income of certain S corporations; and (3) to the alternative minimum tax imposed under Section 55(b) of the Code on “applicable corporations” (within the meaning of Section 59(k) of the Code). Under the Code, the exclusion of interest from gross income for federal income tax purposes may have certain adverse federal income tax consequences on items of income, deduction or credit for certain taxpayers, including financial institutions, certain insurance companies, recipients of Social Security and Railroad Retirement benefits, those that are deemed to incur or continue indebtedness to acquire or carry tax-exempt obligations, and individuals otherwise eligible for the earned income tax credit. The applicability and extent of these and other tax consequences will depend upon the particular tax status or other tax items of the owner of the Series 2025 Certificates. Bond Counsel will express no opinion regarding those consequences.

Payments of interest on tax-exempt obligations, including the Series 2025 Certificates, are generally subject to IRS Form 1099-INT information reporting requirements. If a Series 2025 Certificate owner is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Bond Counsel’s engagement with respect to the Series 2025 Certificates ends with the issuance of the Series 2025 Certificates, and, unless separately engaged, Bond Counsel is not obligated to defend the School District or the owners of the Series 2025 Certificates regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Series 2025 Certificates, under current IRS procedures, the IRS will treat the School District as the taxpayer and the beneficial owners of the Series 2025 Certificates will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including but not limited to selection of the Series 2025 Certificates for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Series 2025 Certificates.

Prospective purchasers of the Series 2025 Certificates upon their original issuance at prices other than the respective prices indicated on the Cover, and prospective purchasers of the Series 2025 Certificates at other than their original issuance, should consult their own tax advisors regarding other tax considerations such as the consequences of market discount, as to all of which Bond Counsel expresses no opinion.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Series 2025 Certificates. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Series 2025 Certificates will not have an adverse effect on the tax status of interest or other income on the Series 2025 Certificates or the market value or marketability of the Series 2025 Certificates. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Series 2025 Certificates from gross income for federal or state income tax purposes for all or certain taxpayers.

For example, federal tax legislation that was enacted on December 22, 2017 reduced corporate tax rates, modified individual tax rates, eliminated many deductions, repealed the corporate alternative minimum tax that was in effect at that time, and eliminated the tax-exempt advance refunding of tax-exempt bonds and tax-advantaged bonds, among other things. Additionally, investors in the Series 2025 Certificates should be aware that future legislative actions might increase, reduce or otherwise change (including retroactively) the financial benefits and the treatment of all or a portion of the interest on the Series 2025 Certificates for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Series 2025 Certificates may be affected and the ability of holders to sell their Series 2025 Certificates in the secondary market may be reduced.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Original Issue Discount and Original Issue Premium

Certain of the Series 2025 Certificates (Discount Certificates) may be offered and sold to the public at an original issue discount (OID). OID is the excess of the stated redemption price at maturity (the principal amount) over the “issue price” of a Discount Certificate. The issue price of a Discount Certificate is the initial offering price to the public (other than to bond houses, brokers or similar persons acting in the capacity of underwriters or wholesalers) at which a substantial amount of the Discount Certificates of the same maturity is sold pursuant to that offering. For federal income tax purposes, OID accrues to the owner of a Discount Certificate over the period to maturity based on the constant yield method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). The portion of OID that accrues during the period of ownership of a Discount Certificate (i) is interest excluded from the owner’s gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as other interest on the Series 2025 Certificates, and (ii) is added to the owner’s tax basis for purposes of determining gain or loss on the maturity, redemption, sale or other disposition of that Discount Certificate. A purchaser of a Discount Certificate in the initial public offering at the issue price (described above) for that Discount Certificate who holds that Discount Certificate to maturity will realize no gain or loss upon the retirement of that Discount Certificate.

Certain of the Series 2025 Certificates (Premium Certificates) may be offered and sold to the public at a price in excess of their stated redemption price at maturity (the principal amount). That excess constitutes bond premium. For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Certificate, based on the yield to maturity of that Premium Certificate (or, in the case of a Premium Certificate callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an

earlier call date that results in the lowest yield on that Premium Certificate), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Certificate. For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Certificate, the owner's tax basis in the Premium Certificate is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Certificate for an amount equal to or less than the amount paid by the owner for that Premium Certificate. A purchaser of a Premium Certificate in the initial public offering who holds that Premium Certificate to maturity (or, in the case of a callable Premium Certificate, to its earlier call date that results in the lowest yield on that Premium Certificate) will realize no gain or loss upon the retirement of that Premium Certificate.

Owners of Discount and Premium Certificates should consult their own tax advisors as to the determination for federal income tax purposes of the existence of OID or bond premium, the determination for federal income tax purposes of the amount of OID or bond premium properly accruable or amortizable in any period with respect to the Discount or Premium Certificates, other federal tax consequences in respect of OID and bond premium, and the treatment of OID and bond premium for purposes of state and local taxes on, or based on, income.

UNDERWRITING

The Series 2025 Certificates are being purchased by Stifel, Nicolaus & Company, Incorporated (the Underwriter or Stifel), at a price of \$ _____. The aggregate initial offering price of the Series 2025 Certificates is \$ _____; therefore, the gross underwriting spread is \$ _____. In the Certificate Purchase Agreement among the Underwriter, the Trustee and the School District, the Underwriter has agreed to wire funds to the Trustee at closing for further distribution by the Trustee at closing to pay certain costs of issuance of the Series 2025 Certificates (\$ _____).

The Underwriter has provided the information in this Offering Circular pertaining to the offering prices and to the offering of the Series 2025 Certificates in the ninth paragraph of **Regarding this Offering Circular**. The Underwriter may offer and sell the Series 2025 Certificates to certain dealers (including dealers depositing into investment trusts) and others at prices lower than the public offering price. The public offering prices set forth on the Cover may be changed after the initial offering by the Underwriter. The purchase of the Series 2025 Certificates by the Underwriter is subject to certain conditions and requires that the Underwriter will purchase all the Series 2025 Certificates, if any are purchased.

Stifel and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the School District and to persons and entities with relationships with the School District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the School District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the School District.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the School District.

RATING

The Series 2025 Certificates have been rated “Aa3” by Moody’s Ratings (Moody’s). No application for a rating has been made by the School District to any other rating service.

The rating reflects only the views of the rating service, and any explanation of the meaning or significance of the rating may only be obtained from the rating service. The School District furnished to the rating service certain information and materials, some of which may not have been included in this Official Circular, relating to the Series 2025 Certificates and the School District. Generally, rating services base their ratings on such information and materials and on their own investigation, studies and assumptions.

There can be no assurance that a rating when assigned will continue for any given period of time or that it will not be lowered or withdrawn entirely by a rating service if in its judgment circumstances so warrant. Any lowering or withdrawal of a rating may have an adverse effect on the marketability or market value of the Series 2025 Certificates.

The School District expects to furnish the rating service with information and materials that may be requested. The School District, however, assumes no obligation to furnish requested information and materials, and may issue debt for which a rating is not requested. Failure to furnish requested information and materials, or the issuance of debt for which a rating is not requested, may result in the suspension or withdrawal of a rating on the Series 2025 Certificates.

TRANSCRIPT AND CLOSING CERTIFICATES

A complete transcript of proceedings and a certificate (described under **Litigation**) relating to litigation will be delivered by the School District when the Series 2025 Certificates are delivered by the School District to the Underwriter. The School District at that time will also provide to the Underwriter a certificate, signed by the School District officials who sign this Offering Circular and addressed to the Underwriter, relating to the accuracy and completeness of this Offering Circular and to its being a “final official statement” in the judgment of the Board for purposes of SEC Rule 15c2-12(b)(3).

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Prior to the delivery of the Series 2025 Certificates, Causey Public Finance, LLC, a firm of independent certified public accountants, will deliver a report on the mathematical accuracy of certain computations contained in schedules provided to them by the Underwriter. These computations will relate to the adequacy of the money held in the Escrow Fund for the payment of (a) any principal of and interest on the Refunded Certificates due between the date of issuance of the Series 2025 Certificates and the Redemption Date, and (b) principal of the Refunded Certificates due on the Redemption Date, all in accordance with the terms of the Escrow Agreement.

CONTINUING DISCLOSURE AGREEMENT

The School District has agreed, for the benefit of the holders and Beneficial Owners from time to time of the Series 2025 Certificates, in accordance with SEC Rule 15c2-12 (the Rule), to

provide or cause to be provided to the Municipal Securities Rulemaking Board such annual financial information and operating data, audited financial statements and notices of the occurrence of certain events in such manner as may be required for purposes of paragraph (b)(5)(i) of the Rule (the Continuing Disclosure Agreement). See **Appendix F** for the proposed form of the Continuing Disclosure Agreement. In addition to being available on the MSRB's Electronic Municipal Market Access (EMMA) website (<http://emma.msrb.org>), the foregoing information, data and notices can be obtained from:

Michael F. Robinson
Treasurer, Board of Education
Polaris Career Center, Ohio
7285 Old Oak Blvd.
Middleburg Heights, Ohio 44130
Telephone: (440) 891-7707
E-mail: mrobinso@polaris.edu

The performance by the School District of the Continuing Disclosure Agreement will be subject to the annual appropriation by the School District of any funds that may be necessary to perform it. The Continuing Disclosure Agreement will remain in effect only for such period that the Series 2025 Certificates are outstanding in accordance with their terms and the School District remains an obligated person with respect to the Series 2025 Certificates within the meaning of the Rule.

The Treasurer is the designated person within the School District charged with ensuring the School District's compliance with the Continuing Disclosure Agreement. The School District expects to engage Disclosure Counsel on an annual basis to assist it in meeting the requirements of its undertakings entered into pursuant to the Rule.

The School District believes that, in the previous five years, it has complied in all material respects with its previous undertakings entered into pursuant to the Rule.

THE CORPORATION

The Ohio School Building Leasing Corporation is an Ohio nonprofit corporation under the laws of the State of Ohio, organized in 2003 to facilitate lease-purchase financings of school buildings in Ohio. The Corporation receives no compensation for its services.

The directors of the Corporation have no private or proprietary interest in the Corporation. The board of directors serves without compensation (except reimbursement of expenses) and no part of the Corporation's net earnings, income or assets will inure to the benefit of any private entity or person.

The Corporation has agreed to enter into the Lease with the School District to facilitate the issuance and refinancing of certain obligations issued to pay Project Costs. The Corporation has assigned without recourse all of its rights and interests under the Lease and the Ground Lease to the Trustee for the benefit of the Owners. The Corporation is not liable for the payment of Lease Payments or Additional Payments, and the Owners have no right to look to the Corporation for any payments of the Series 2025 Certificates or for any other payments. In addition, the Corporation has no control over the expenditure of the proceeds of the Series 2025 Certificates.

THE TRUSTEE

Zions Bancorporation, National Association, will act as Trustee, registrar, paying agent and transfer and authenticating agent for the Series 2025 Certificates. The Trustee is a national

banking association with its designated corporate trust office in Pittsburgh, Pennsylvania. The Trustee regularly acts as bond registrar for bond issues of Ohio local governments and as trustee for certificates of participation issues of Ohio school districts.

The Trustee will, prior to the occurrence of an Event of Default and after the cure of any Events of Default that may have occurred, undertake to perform only such duties as are specifically set forth in the Trust Agreement. At the time of an Event of Default and during its continuation, the Trustee will exercise the rights and powers vested in the Trustee by the Trust Agreement and is to use the same degree of care and skill in their exercise as a prudent corporate trustee would exercise or use under the circumstances in the conduct of its own affairs.

Zions Bancorporation, National Association, by acceptance of its duties as Trustee under the Trust Agreement, has not reviewed this Offering Circular and has made no representations as to the information contained herein, including but not limited to, any representations as to the financial feasibility or related activities.

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THE SCHOOL DISTRICT

GENERAL INTRODUCTION

Each city, exempted village and local school district must provide career-technical education adequate to prepare enrolled students for an occupation. A school board may meet its obligation (provided State Board of Education standards are met) by: (i) establishing and maintaining a career-technical education program of its own, (ii) being a member of a joint vocational school district (such as the School District) or (iii) contracting for career-technical education with a joint vocational school or another school district or approved private parties.

Joint vocational school districts may only be dissolved by resolution adopted by a majority of the full joint vocational school district board of education or by the adoption of resolutions by a majority of the boards of education of the member school districts. State law is silent regarding a single member school district withdrawing from a joint vocational school district. A joint vocational school plan may provide a withdrawal procedure for a member school district, or such a plan may be modified to provide such a procedure.

A joint vocational school district is an entity separate and apart from any other school district, and participating school districts do not lose their separate identity or legal existence. At present, there are 49 joint vocational school districts in the State.

The School District was formed in 1975 and was initially established as a joint vocational school district under the name Polaris Career Center Joint Vocational School District (the School District's legal name was changed to Polaris Career Center effective October 6, 2014). The School District is comprised of the following member school districts: Berea, Brooklyn, Fairview Park, North Olmsted, Olmsted Falls and Strongsville City School Districts. The School District is located primarily in Cuyahoga County in northeastern Ohio, approximately 13 miles southwest of the City of Cleveland. The School District provides education to 1,003 high school students at their main campus, 3,493 students in programs held in partner school districts and serves approximately 3,500 adults each year.

In the 2020 Census classifications, the School District was in the Cleveland-Elyria-Mentor Metropolitan Statistical Area (MSA), comprised of the five counties of Cuyahoga, Geauga, Lake, Lorain and Medina. It was also in the Cleveland-Akron Consolidated Statistical Area (CSA). Effective in 2003, the Cleveland-Lorain-Elyria Primary Metropolitan Statistical Area (PMSA) was redefined to exclude Ashtabula County and was reclassified as the MSA. Only limited statistics are now available for the new MSA and CSA.

The School District's 2023 population was 183,406. See **Economic and Demographic Information – Population**. Land use, as measured by the assessed value of real property, is presented in the following table.

Percent of Assessed Valuation of Real Property

Residential	96.90%
Commercial/Industrial/Public Utility	3.10
Undeveloped	(a)

(a) Included in above categories.

Source: County Fiscal Officer

The School District's general area is served by diversified transportation facilities, including three State and U.S. highways and I-90, I-71 and I-480. It is adjacent to areas served by Conrail and Amtrak, and is served by passenger air services at Cleveland Hopkins International Airport located within two and one-half miles of the School District and by Burke Lakefront Airport located in the City of Cleveland. Public mass transit for the area is provided by the Greater Cleveland Regional Transit Authority.

Banking and financial services are provided to the area by offices of local commercial banks and savings and loan associations, all of which have their principal offices elsewhere.

One daily newspaper and three weekly newspapers serve the area. It is within the broadcast area of numerous television stations and numerous AM and FM radio stations. Multichannel cable TV service, including educational, governmental and public access channels, is provided by WOW Cable Communications.

Within commuting distance are several public and private two-year and four-year colleges and universities providing a wide range of educational facilities and opportunities. These include Baldwin Wallace University, Case Western Reserve University, Cleveland State University, Cuyahoga Community College, John Carroll University, Kent State University, Lorain County Community College, The University of Akron, Ursuline College, Cleveland Institute of Music, and the Cleveland Institute of Art.

School District residents are served by four hospitals within a 10-mile radius of the City: Fairview Hospital (a Cleveland Clinic hospital), MetroHealth Medical Center, Southwest General Health Center and University Hospitals St. John Medical Center, as well as by numerous other hospitals in the County, including other facilities of The Cleveland Clinic Foundation Hospital and University Hospitals.

Within a 25-minute drive of the School District are the Rock and Roll Hall of Fame and Museum, the Great Lakes Center for Science and Technology, FirstEnergy Stadium, Progressive Field, Rocket Fieldhouse, Severance Hall (the concert hall for the Cleveland Orchestra), the Cleveland Institute of Art, the Cleveland Institute of Music, the Greater Cleveland Aquarium, the Cleveland Museum of Art, the Natural History Museum, Playhouse Square (a complex of four theaters with seating for over 9,000), the Western Reserve Historical Society, the Cleveland Play House, and Karamu House, a multi-racial performing arts center. These and other facilities in the area offer an extensive variety of cultural and educational programs to residents of the School District. Area professional sports include major league baseball, basketball and football.

BOARD OF ADMINISTRATION

The Board of Education is a body politic and corporate charged with the responsibility of managing and controlling affairs of the School District and is, with the School District, governed by the general laws of the State. The Board is comprised of seven members. Each of the six associate school district Boards of Education (Berea, Brooklyn, Fairview Park, North Olmsted, Olmsted Falls and Strongsville City School Districts) appoints one of their members to serve a three-year term. The seventh member serves a one-year term and is appointed by each of the associate school districts on a rotating basis. The present Board members are:

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Name	Began Service As Board Member in	Present Term Expires December 31	Vocation in Private Life
Michelle Bissell ^(a)	2020	2025	Self-Employed
Jennifer Bolander	2021	2026	Self-Employed
Terry Groden	2024	2027	Radio Sales
Gina Lehmann	2025	2025	Physical Therapist
Rocky Neale ^(b)	2022	2027	Insurance Agent
Doug Schwind	2023	2025	Electrician
Kelly Walker	2024	2026	CPA

(a) President.

(b) Vice President.

The Superintendent, appointed by the Board for a maximum term of five years, is the executive officer of the School District and has responsibility for directing and assigning teachers and other employees, assigning the pupils to the proper schools and grades, and performing such other duties as determined by the Board. The current Superintendent is Diane Xander, serving since 2025 and whose present term runs to 2028. Ms. Xander previously served as the School District's Executive Director of Innovation and Career Development. The Superintendent's professional memberships include the Buckeye Association of School Administrators, Ohio Association of Career-Technical Superintendents, ASCD (formerly the Association for Supervision and Curriculum Development) and local Chambers of Commerce.

The Treasurer, appointed by the Board pursuant to law for a maximum term of five years, is the fiscal officer of the Board and the School District. Michael Robinson, the present Treasurer (for a term ending 2026), has held that position since 2013. Prior to assuming that position, Mr. Robinson was treasurer of Tuscarawas Valley Local School District. The Treasurer's professional memberships include the Ohio Association of School Business Officials, the Association of School Business Officials and the Ohio Association of Career-Technical Treasurers. For a discussion of the duties of the Treasurer as fiscal officer, see **Financial Matters**.

THE SCHOOL SYSTEM

General Information

For the 2024-25 school year, 1,003 students (head count) were enrolled in high school classes at the Middleburg Heights Campus. For the last complete academic year the average class size was 23 students, and the average pupil/teacher ratio 23.1. The School District's five-year forecast projects total enrollment to remain relatively flat for the 2025-26 school year (given the School District is essentially at maximum capacity, with a waiting list of approximately 200 students). Three new programs will come on-line for the 2026-27 school year creating capacity for an additional 75 students in the 2026-27 school year and an additional 75 students in the 2027-28 school year. See also **School District Facilities**. The School District employs (full and part-time) 57 professional staff members and 58 non-teaching and support staff employees.

The Career Center is accredited by the Accrediting Commission of Career Schools and Colleges (ACCSC). The curriculum offers a wide range of electives and comprehensive courses of study in college preparatory and vocational education programs.

Approximately 53% of the teaching staff have master's degrees. The School District's faculty has an average of 16.9 years teaching experience, compared to the statewide average of 16 years (as of Fiscal Year 2024).

The School District's academic program includes these attributes, among others:

- The School District offers 27 career-technical programs and three middle school programs.
- The School District offers six high school and two middle school course offerings to its six partner school districts with an enrollment of 3,493.
- Three of the School Districts programs provide students access to college credit.
- Adult education currently serves over 3,500 students on average.
- Adult education courses include automotive technicians, office administration, business management, web and graphic design, security, accounting, computer programming, construction training, LPN and personal interest offerings.
- The School District partners with select institutions of higher education including Cuyahoga County Community College, Hocking College, Johnson & Wales University, Kent State University, Lorain County Community College and the University of Cincinnati.

The Board has established a formal community information program that distributes a newsletter to residents, conducts both print and television marketing programs and conducts an annual community survey.

Employees

The School District has 126 full-time employees. In addition, the School District employs a number of part-time teachers for the Adult Education Program annually based on need, typically approximately 230 per year. The number of full-time employees has increased by three since June 30, 2023. A statewide public employee collective bargaining law applies generally to public employee relations and collective bargaining.

In Fiscal Year 2025, the Board paid from its General Fund \$10,894,216 in salaries and wages and \$4,642,178 for fringe benefits such as employer retirement systems contributions, workers' and unemployment compensation, and medical insurance premiums. The Board projects paying \$11,510,263 in salaries and wages and \$5,206,706 for such fringe benefits from its General Fund in Fiscal Year 2026.

Of the current employees, 68 are certificated professionals (certified by the State Department of Education and Workforce) serving as classroom teachers, education specialists and administrators, of whom all have at least a bachelor's degree and four hold advanced degrees. The current starting salary for a teacher with a bachelor's degree is \$56,389; the maximum teacher salary (for a teacher with a master's degree and 30 years' experience) is \$124,340. The average current salary of School District teachers is \$102,128, compared to a State average (Fiscal Year 2024) of \$68,236.

All of the School District's 57 teachers and educational specialists (excluding 11 administrators) are members of the Polaris Education Association (PEA) that is a labor organization affiliated with the Ohio Education Association. The present contract between the Board and the PEA expires June 30, 2028. The new agreement includes compensation increases of 4.0%, 3.5% and 3.5% over the three years and increased health care contributions by employees.

The School District's health insurance is provided by the Suburban Health Consortium. The program's third party administrator is Anthem.

In the judgment of the Board, labor relations with all of its employees are excellent.

Retirement Expenses

Present and retired employees of the School District are covered under two statewide public employee retirement (including disability retirement) systems. The State Teachers Retirement System (STRS) covers all teachers, principals, supervisors and administrators who are required to hold a certificate issued by the State Department of Education and Workforce. Other eligible full-time employees are covered by the School Employees Retirement System (SERS).

STRS and SERS are two of five statewide public employee retirement systems created by and operating pursuant to Ohio law, all of which currently have unfunded actuarial accrued liabilities. The General Assembly has the power to amend the format of those systems and to revise rates and methods of contributions to be made by public employers and their employees and eligibility criteria, benefits or benefit levels for employee members. In 2012, the General Assembly passed five separate pension reform bills intended to assist each of the five retirement systems in addressing its unfunded actuarial accrued liabilities. Those bills applicable to STRS and SERS became effective on January 7, 2013.

The School District paid the “pick-up” for certain non-teaching staff as follows: 10% for administrators, principals and professional staff.

The law applicable to STRS has provided for (a) no change in the School District’s contribution rate with respect to its employees’ earnable salaries and (b) increases in the STRS employees’ contribution rate from 10% to 14% in annual increments of 1% that became effective in July in each of the years from 2013 through 2016. Among other changes and with certain transition provisions for current employees, the minimum age and service requirements for eligibility for retirement and disability benefits have been increased, the calculation of an employee’s final average salary on which pension benefits are based has been revised to include the five highest years (rather than the three highest years), STRS pension benefits are being calculated on a lower, fixed formula and provisions with respect to future annual cost-of-living adjustments have been changed to reduce those adjustments to 2% (from 3%). The STRS board has also been provided with authority to make future adjustments to the member contribution rate, retirement age and service requirements, and cost-of-living adjustments as the need or opportunity arises, and depending on the funding progress. Under current law, STRS has a maximum 30-year period to amortize its unfunded accrued pension liability. According to STRS’s most recent Actuarial Valuation and Review (dated as of July 1, 2024), STRS’s actuarial consultant projected that the period required to fully amortize STRS’s actuarial unfunded accrued liability is 10.1 years.

The law applicable to SERS has provided for no change to the School District’s or SERS employees’ contribution rates, future cost-of-living adjustments or the calculation of an employee’s final average salary on which pension benefits (the average of the three highest years). However, among other changes and with certain transition provisions for current employees, the minimum age and service requirements for eligibility for retirement and disability benefits were increased and provisions for disability benefits and service credit purchases were revised.

In Fiscal Year 2024, employees covered by STRS contributed at a statutory rate of 14% of earnable compensation, and employees covered by SERS contributed at a statutory rate of 10% of earnable compensation (except as otherwise mentioned above). As the employer, the School District’s statutory contribution rate for all of those employees has been and continues to be 14% of the same base. These employee and employer contribution rates are the maximums permitted under current State law.

The School District “picks up” the full employee contribution to STRS or SERS, as appropriate, for all certified and classified administrator, including the “pick up on the pick up”.

As of Fiscal Year 2024, the School District had the net pension liability reported and explained in the Notes to the Fiscal Year 2024 Financial Statements.

For further information on STRS and SERS and their pension plans, see the Notes to the Fiscal Year 2024 Financial Statements. Financial and other information for STRS and SERS can also be found on the respective website for each retirement system including its Comprehensive Annual Financial Report.

Federal law requires School District employees hired after March 31, 1986 to participate in the federal Medicare program, which requires matching employer and employee contributions, each being 1.45% of the wage base. Otherwise, School District employees who are covered by a State retirement system are not currently covered under the federal Social Security Act. STRS and SERS are not subject to the funding and vesting requirements of the federal Employee Retirement Income Security Act of 1974.

School District Facilities

The School District's classroom and other facilities are:

Classroom Building Facility	Year of Construction and Addition or Major Improvement	Number of Class-rooms	Capacity	Enrollment(b)	Estimated Value(c)
Career and Technical Center(a)	1974/1976/2019/2025	48	1,200	1,003	\$92,884,050

(a) See discussion regarding a current expansion of this facility immediately below.

(b) As of October 2024. Figure reflects head count.

(c) School District property is exempt from ad valorem taxation. The estimated values of District property are based on the insurance values for replacement of the building only (excluding fixtures and contents).

The School District is in the process of constructing an expansion of its Middleburg Heights Campus facility. The expansion will support the creation of three new programs: Engineering Technology (advanced manufacturing), Robotics and Automation. See also **General Information**. When completed, the new, approximately 28,000-square-foot facility will feature three state-of-the-art labs and supporting classroom spaces. The facilities expansion is expected to cost approximately \$15 million and is being paid for from an approximately \$11.7 million CTE Construction Facilities Expansion Grant from the State, together with cash on hand. The new facility expansion is scheduled to be completed in early 2026 and open for the 2026-27 school year.

Insurance

The current insurance values for replacement (building, fixtures and contents) of all School District property is \$98,884,050. School District property is exempt from ad valorem taxation.

Property (buildings and contents), boiler and machinery insurance, and casualty and fleet insurance, are provided through insurance with School Insurance Consultants/EPC Program. Blanket limit for the property insurance and boiler and machinery insurance is \$350,000,000 both with \$5,000 deductibles. For the casualty and fleet insurance there is a combined single limit of \$1,000,000 with \$1,000 comprehensive and \$1,000 collision deductibles. The renewal date is July 1, 2026.

The School District has in place forgery/cyber/computer fraud coverage of \$250,000 with a \$5,000 deductible with School Insurance Consultants/EPC Program. The School District has policies and procedures in place with firewalls and air gaps to minimize exposure risk. School District staff goes through ongoing training in these areas and there is ongoing threat assessment and anonymous testing to assess potential weaknesses and re-train as needed.

Enrollment

The following table shows the School District's historical and current enrollment.

School Year	Enrollment(a)(b)
1990-91	485
2000-01	521
2010-11	637
2020-21	573
2021-22	610
2022-23	672
2023-24	703
2024-25	715
2025-26(c)	717

(a) Actual figures are ADM (average daily membership) figures from an "at date enrollment" during annual October enrollment census.

(b) See discussion of additional students expected to enroll in new programs for the 2026-2027 and 2027-2028 school years under **General Information**.

(c) Projected, based on District forecast.

Transportation of students to and from the Career Center is provided by the participating school districts.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population

Recent Census population has been:

Year	District(a)	City	County	MSA
1970	129,420	12,367	1,720,835	2,063,729(b)
1980	140,890	16,218	1,498,400	1,898,825(b)
1990	141,720	14,702	1,412,140	1,831,122(b)
2000	181,700	15,542	1,393,978	2,250,871(b)
2010	182,623	15,798	1,280,122	2,077,240(c)
2020	178,981	15,514	1,264,817	2,088,251(c)
2023(est.)	183,406	15,817	1,249,418	2,158,932(c)

(a) Sources: OMAC and U.S. Census Bureau.

(b) Numbers are for the prior PMSA. In 2003, the PMSA was reclassified as an MSA excluding Ashtabula County. Comparable historical Censuses numbers for the new MSA are not available.

(c) 2010 population and 2023 estimated population represents the current CSA.

2023 Census figures show the following breakdown by age groups of the population of the City.

Under 5	5-19	20-34	35-44	45-54	55-64	65+	Total
970	1,830	2,483	2,085	1,705	2,668	4,076	15,817
6.1%	11.6%	15.7%	13.2%	10.7%	16.9%	25.8%	100.0%

Educational attainment for the City's, the County's and the MSA's population (25 years or older) is set forth in the following table.

	City		County		MSA	
Less than 9th Grade	231	1.9%	24,259	2.7%	37,605	2.6%
9th to 12th Grade (no diploma)	681	5.5	56,631	6.4	85,512	5.8
High School graduate (includes GED)	3,562	28.9	241,494	27.1	418,314	28.4
Some college, no degree	2,132	17.3	181,763	20.4	306,454	20.8
Associate degree	1,314	10.7	72,472	8.1	128,056	8.7
Bachelor degree	2,787	22.6	180,290	20.3	297,569	20.2
Graduate or professional degree	1,606	13.0	132,602	14.9	197,309	13.4

Source: U.S. Census Bureau Selected Source Characteristics in the United States 2019-2023.

Employment and Income

The following table shows comparative employment and unemployment statistics for the indicated periods.

Year(a)	Employed in		Unemployment Rate			
	County	MSA	County	MSA	State	U.S.
2019	601,200	1,024,600	4.3%	4.1%	4.2%	3.7%
2020	537,900	920,500	10.6	9.7	8.2	8.1
2021	558,900	956,500	6.3	5.7	5.1	5.3
2022	570,300	975,800	4.9	4.7	4.0	3.6
2023	584,000	999,200	3.9	3.7	3.5	3.6
2024	584,700	1,058,000	3.9	3.8	4.3	4.0
2025						
Jan.	587,400	1,036,400	4.5	4.6	5.3	4.0
Feb.	590,200	1,040,600	5.0	5.0	5.4	4.5
Mar.	598,400	1,054,800	4.3	4.2	5.2	4.2
Apr.	598,200	1,054,000	4.5	4.4	4.9	3.9
May	589,400	1,039,200	5.0	4.8	4.7	4.0
June	614,000	1,082,700	5.1	4.9	5.1	4.4
July	620,600	1,094,600	5.4	5.2	5.5	4.6

(a) Not seasonally adjusted.

Source: Ohio Department of Job and Family Services.

The following employers (private and public) had the largest (full-time equivalent) work forces within the County as of December 31, 2023.

Employer	Nature of Activity or Business	Approximate Number of Employees
Cleveland Clinic Health System	Healthcare	45,673
Group Management Services Inc.	Staffing and employment services firm	33,972
Minute Men Human Resource System	Staffing and employment services firm	26,578
University Hospitals Health System	Healthcare	25,030
Amazon	Retail	20,000
U.S. Federal Government	Federal government	15,740
Progressive Corporation	Insurance and financial company	13,150
Walmart	Grocery and retail	12,650
Giant Eagle Inc.	Grocery and retail	9,599
State of Ohio	State government	7,605

Source: The County's Annual Comprehensive Financial Report for the year Ended December 31, 2023.

The 2023 median family and household incomes, as reported by the Census Bureau in its "2019-2023 American Community Survey 5-Year Estimates," are set forth in the following table.

	2023 Median Income	
	Family	Household
City	\$103,661	\$78,324
County	83,288	60,074
State	86,508	66,990
United States	92,646	75,149

According to the Ohio Department of Taxation, the average federal adjusted gross income for residents within the School District filing Ohio personal income tax returns for calendar year 2022 was \$84,176, compared to the averages of \$112,498 for all Ohio school districts (for all tax returns filed, the 2022 State average for tax returns that indicated school districts was \$78,768) and \$107,780 for all school districts in the County.

The income per household in the City, the County and the MSA is estimated to be distributed as set forth in the following table.

Income and Benefits(a)	City		County		MSA	
Less than \$10,000	130	1.7%	39,439	7.1%	52,031	5.9%
\$10,000 to \$14,999	120	1.6	31,017	5.6	41,819	4.7
\$15,000 to \$24,999	372	5.0	48,980	8.9	69,640	7.9
\$25,000 to \$34,999	676	9.1	49,291	8.9	72,726	8.2
\$35,000 to \$49,999	730	9.8	66,494	12.0	103,147	11.7
\$50,000 to \$74,999	1,491	20.0	93,744	17.0	149,667	16.9
\$75,000 to \$99,999	1,250	16.8	65,838	11.9	112,278	12.7
\$100,000 to \$149,999	1,545	20.8	77,425	14.0	140,290	15.9
\$150,000 to \$199,999	700	9.4	36,389	6.6	66,342	7.5
\$200,000 or more	429	5.8	43,804	7.9	75,733	8.6

(a) In 2023 inflation-adjusted dollars.

Source: U.S. Census Bureau 2019-2023 American Community Survey 5-Year Estimates.

The U.S. Census Bureau also estimates that 4.4% of people in the City, 16.5% of people in the County, and 13.6% of the people in the MSA have incomes that fall below the poverty level.

Housing and Building Permits

The following is U.S. Census Bureau information concerning housing in the City, with comparative County and State statistics.

	2023 Median Value of Owner- Occupied Homes(a)	% Constructed Prior to 1940(a)	Number of Housing Units		% Change
			2010(a)	2023(b)	
City	\$213,100	3.0%	7,094	7,686	+8.34%
County	168,700	27.9	621,763	615,881	-1.0
State	183,300	19.3	5,127,508	5,251,209	+2.4

(a) Source: U.S. Census Bureau American Fact-Finder 2010 Census Redistricting Data (Public Law 94-171) Summary File.

(b) Source: U.S. Census Bureau 2019-2023 American Community Survey 5-Year Estimates.

Utilities; Public Safety and Services

Water service within the School District is provided by the City of Cleveland water system, and is purchased directly by the consumers. Sewage collection is provided by the City in conjunction with the City of Rocky River and the City of North Olmsted. The City provides electricity through the Northeast Ohio Public Energy Council (NOPEC), which is made up of 100 member communities, large and small, spread across eight northeast Ohio counties. Voters in each of these communities approved the formation of NOPEC in November 2000, by approving ordinances that authorize their local government to aggregate all utility customers within the community. The individual utility customers NOPEC represents enjoy the advantages of bulk buying power, professional expertise, and consumer advocacy on their behalf. NOPEC is the largest public energy aggregation in the U.S. Natural gas is supplied by various suppliers, as the consumer chooses, through gas lines owned by the Dominion East Ohio Gas Company. Police and fire protection is provided by the City. Trash collection is provided by the City for residents under a contract with Pete & Pete. Trash collection for the School District is contracted out to Pete & Pete.

FINANCIAL MATTERS

Introduction

The School District's Fiscal Year corresponds with the July 1 to June 30 school year. Property taxes are levied and collected on a calendar year basis.

The main sources of School District revenue have been and are property taxes and the State School Funding System distributions. See **Ad Valorem Property Taxes** and **State School Funding System**.

The Treasurer and the Board are responsible for the major financial functions of the School District. The Treasurer is the fiscal officer and chief accounting officer and keeps the books and accurate statements of all money received and expended, and receives, invests, maintains custody of and disburses all School District money.

Other important financial functions include general financial recommendations and planning by the Treasurer, the Superintendent and the administrative staff; budget preparation by the Treasurer; and express approval of all budgeting and appropriations by the Board.

For property taxation purposes, assessment of real property is by the County Fiscal Officer subject to supervision by the State Tax Commissioner, and assessment of public utility and tangible personal property is by the State Tax Commissioner. Property taxes and assessments are billed and collected by County officials.

Budgeting, Property Tax Levy and Appropriations Procedures

Detailed provisions for budgeting, property tax levies and appropriations are made in the Revised Code, including a requirement that the School District levy a property tax in a sufficient amount, with any other money available for the purpose, to pay the debt charges on securities payable from property taxes.

The law requires generally that a subdivision prepare, and then adopt after a public hearing, a tax budget approximately six months before the start of the next fiscal year. The tax budget then is presented for review by the county budget commission, which is typically comprised of the county fiscal officer/auditor, treasurer and prosecuting attorney. Under the relatively new County charter, the County Budget Commission consists of the County Fiscal Officer (appointed by the County Executive), the County Executive (elected), and the County Prosecuting Attorney (elected). (Also under the new County charter, the County Treasurer is appointed by the County Executive, as opposed to being elected by the voters.) A county budget commission may waive the requirement for a tax budget and permit an alternative form of tax budget with more limited information. In October 2002, the Cuyahoga County Budget Commission voted to waive the requirement and prescribed an alternative form of a tax budget information document to be used by the School District and other subdivisions in the County.

District budgeting for each Fiscal Year formally begins in January with the preparation and submission to the County Budget Commission of tax budget information for that Fiscal Year and the following calendar year. For debt charges, the information is to include the net amounts of debt charges for which property tax levies must be made (after application of estimated receipts from other sources) and the portions of those levies to be inside and outside the ten-mill limitation. That tax budget information is then to be reviewed by the County Budget Commission.

As part of that review, the County Budget Commission is to determine and approve levies for debt charges outside and inside the ten-mill limitation. The Revised Code provides that “if any debt charge is omitted from the budget, the commission shall include it therein.”

The County Budget Commission is to then certify to the Board its action together with the estimate by the County Fiscal Officer of the tax rates outside and inside the ten-mill limitation. Thereafter, and before the end of the then Fiscal Year, the Board is to approve the tax levies and certify them to the proper County officials. The approved and certified tax rates are then to be reflected in the tax bills sent to property owners in the following calendar year. Real property taxes are payable in two equal installments, the first usually by February and the second in July.

The Board adopts a permanent appropriation measure each June for the ensuing Fiscal Year. Although called “permanent,” the annual appropriation measure may be, and often is, amended during the Fiscal Year. Annual appropriations may not exceed the County Budget Commission’s official estimates of resources, and the County Fiscal Officer must certify that the Board’s appropriation measures do not appropriate money in excess of the amounts set forth in those estimates.

Financial Reports and Audits

The School District maintains its accounts, appropriations and other fiscal records in accordance with the procedures established and prescribed by the Ohio Auditor of State (the State Auditor). The State Auditor is charged by law with the responsibility of inspecting and supervising the accounts and records of each taxing subdivision and most public agencies and institutions.

School District receipts and expenditures are compiled on a cash basis, pursuant to accounting procedures prescribed by the State Auditor that are generally applicable to all Ohio school districts. The records of these cash receipts and expenditures are converted annually for reporting purposes to a modified accrual basis of accounting for governmental funds and an accrual basis for proprietary funds. These accounting procedures conform to generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). Those principles, among other things, provide for a modified accrual basis of accounting for the general fund, all special revenue funds and the debt service (bond retirement) fund and for a full accrual basis of accounting for all other funds, and for the preparation for each fund of balance sheets, statements of revenues and expenditures and statements showing changes in fund balances.

Audits are performed by the State Auditor, or by private auditing firms (CPAs) at the direction of that officer, pursuant to Ohio law and under certain federal program requirements. No other independent examination or audit of the School District's financial records is made.

The most recent audit (including compliance audit) of the School District's accounts was completed through Fiscal Year 2024. The Basic Financial Statements of the School District for Fiscal Year 2024 are set forth as **Appendix C**; they have been audited by the State Auditor, as stated in their report appearing in those statements. No material findings, citations or items for adjustment, or material weaknesses in internal controls, were noted as part of the audit.

Annual financial reports are prepared by the School District and are filed as required by law with the State Auditor after the close of each Fiscal Year.

See **Appendix A** for an unaudited comparative cash-basis summary of general operating fund activity for the last five Fiscal Years and forecasted for Fiscal Year 2026. That summary has been prepared by the School District from the School District's five-year financial forecast approved by the Board and reported to the State. The latest five-year financial forecast was approved by the Board and then reported to the State in May 2025. See **Five-Year/Three-Year Forecast**. All funds receipts and expenditures (on a cash basis) for Fiscal Years 2024 and 2025 are set forth in **Appendix B**. See **Appendix C** for the audited Basic Financial Statements for Fiscal Year 2024, including the audit letter/independent accountant's reports.

The audited financial statements are public records, no consent to their inclusion is required, and no bring-down procedures have been undertaken by the State Auditor since their date.

Investments

Investments and deposits of School District funds are governed by the Uniform Depository Law (Chapter 135 of the Revised Code) applicable to all school districts. The Treasurer is responsible for those investments and deposits. Under recent and current practices, and the School District's approved investment policy, in addition to deposits evidenced by interest-bearing certificates of deposit, investments are made in the State Treasurer's subdivision investment pool (the State Treasury Asset Reserve of Ohio, or STAR Ohio). See also the Notes to the Basic Financial Statements in **Appendix C**.

The School District does not invest in any securities that would be characterized as derivatives or in reverse repurchase agreements and purchases all investments with the intent to hold to maturity.

Five-Year/Three-Year Forecast

Pursuant to State law, the School District has historically prepared a five-year financial forecast (the Five-Year Forecast) that was adopted by the Board and filed with the Ohio Department of Education & Workforce (ODEW). The Five-Year Forecast reflected three years of historical general operating fund revenues, expenditures and balances, as well as a forecast of such revenues, expenditures and balances for the then-present Fiscal Year and four additional Fiscal Years. Notes to the Five-Year Forecast accompanied the projections. The Five-Year Forecast was to be approved by the Board by a date to be determined by the State, which State-mandated deadline could not be earlier than November 30 of each Fiscal Year, and then updated between April 1 and May 31. The 2025 State Budget Act amended State law such that the School District will be required to prepare a three-year financial forecast (the Three-Year Forecast) reflecting the appropriations, revenues and fund balance assumptions contained in the budget for the current Fiscal Year and projections of expenditures, revenues and fund balance for the three succeeding Fiscal Years. The Three-Year Forecast is to be submitted to ODEW not later than August 31 of each Fiscal Year and updated not later than the last day of February of each Fiscal Year, with the initial submission to be made by October 15, 2025 for Fiscal Year 2026. The most recently Board-approved forecast shows the School District with a positive cash balance through Fiscal Year 2029.

GENERAL FUND

The General Fund is the School District's main operating fund, from which most expenditures are paid and into which most revenues are deposited. The General Fund receives money from many sources, but primarily from ad valorem property taxes levied by the Board and the education aid distributions from the State under the State School Funding System. For details concerning general operating fund revenues, expenditures and beginning and year-end balances in Fiscal Year 2025 and other recent Fiscal Years, see **Ad Valorem Property Taxes, State School Funding System**, and **Appendices A, B and C**.

AD VALOREM PROPERTY TAXES

Assessed Valuation

The following table shows the recent assessed valuations of property subject to ad valorem taxes levied by the School District.

Collection Year	Real(a)	Public Utility(b)	Total Assessed Valuation
2021	\$5,107,497,020	\$196,549,990	\$5,304,047,010
2022(c)	5,839,835,640	208,856,170	6,048,691,810
2023	5,867,773,610	223,826,160	6,091,599,770
2024	5,882,355,850	231,884,920	6,114,240,770
2025(d)	7,246,871,750	231,884,920	7,478,756,670

(a) Other than real property of railroads. The real property of public utilities, other than railroads, is assessed by the County Fiscal Officer. Real property of railroads is assessed, together with tangible personal property of all public utilities, by the State Tax Commissioner.

(b) Tangible personal property of all public utilities and real property of railroads; see footnote (a).

(c) Reflects triennial adjustment.

(d) Reflects sexennial reappraisal.

Source: County Fiscal Officer.

Taxes collected on “Real” in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. “Public Utility” (real and tangible personal) taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year.

Based on County Fiscal Officer records of assessed valuations for the 2024 collection year (the latest information available from the County as of the date of this Offering Circular), the largest School District ad valorem property taxpayers are:

Name of Taxpayer	Nature of Business	Total Assessed Valuation	% of Total Assessed Valuation
Cleveland Electric Illuminating Co.	Utility	\$100,377,355	1.64%
American Transmission System	Utility	80,222,527	1.31
City of Cleveland	Municipality	67,488,675	1.10
SPM Acquisition LLC	Real estate	20,202,070	0.33
B33 DDR Great Northern LLC	Real estate	17,906,630	0.29
The Islander Company, LLC	Apartments –Real Estate	17,183,495	0.28
Columbia Park Owner LLC	Real estate	16,872,240	0.28
Columbia Gas of Ohio	Utility	15,106,462	0.25
Star-West Great Northern Mall LLC	Commercial Real Estate	12,341,210	0.20
Oakwood Estates One LLC	Real estate	10,063,410	<u>0.16</u>
Total			<u>5.84%</u>

Pursuant to statutory requirements for sexennial reappraisals, in 2024, the County Auditor adjusted the true value of taxable real property to reflect current fair market values. These adjustments are being reflected in the 2024 duplicate (collection year 2025) and in the ad valorem taxes distributed to the School District in 2025 and thereafter. The County Auditor is required to adjust (but without individual appraisal of properties except in the sexennial reappraisal), and has adjusted, taxable real property value triennially to reflect true values. The County Fiscal Officer conducted such a triennial adjustment and reflected in 2021 (collection year 2022).

The “assessed valuation” of real property is fixed at 35% of true value and is determined pursuant to rules of the State Tax Commissioner. An exception is that real property devoted exclusively to agricultural use is to be assessed at not more than 35% of its current agricultural use value. Real property devoted exclusively to forestry or timber growing is taxed at 50% of the local tax rate upon its assessed value.

As a result of a phase-out of taxation of tangible personal property used in general business (excluding certain public utility property) and tangible personal property used by telephone, telegraph or interexchange telecommunications companies, and a reduction of the percentages of true value of electric utility production equipment and natural gas utility property assessed for taxation, eligible school districts have received reimbursement payments from the State to account for the loss of property tax revenue. Under legislation passed by the State’s General Assembly in 2015, such reimbursements have been combined and are to be distributed by the State in November and May of each Fiscal Year. The School District no longer receives such reimbursement payments.

As indicated herein, the General Assembly has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by ad valorem taxes levied on that property, and may continue to make similar revisions.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation classifies real property as between residential and agricultural property and all other real property, and provides for tax reduction factors to be separately computed for and applied to each class. These tax credits apply only to certain voted levies on real property, and they do not apply to unvoted levies or to voted levies to provide a specified dollar amount or to pay debt charges on outstanding general obligation debt. These credits are discussed further following **Tax Table A**.

Overlapping Governmental Entities

The major political subdivisions or other governmental entities that overlap all or a portion of the territory of the School District are listed below. The “(____%)” figure is that approximate percentage of a recent assessed valuation of the overlapping entity that is located within the School District.

Subdivision Name	Percent
Cuyahoga County	16.85%
Lorain County	0.28
Berea City	100.00
Brook Park City	95.79
Brooklyn City	100.00
Cleveland City	0.78
Fairview Park City	91.89
Middleburg Heights City	100.00
North Olmsted City	100.00
Olmsted Falls City	100.00
Strongsville City	100.00
Columbia Township	7.58
Olmsted Township	100.00
Berea City School District	100.00
Brooklyn City School District	100.00
Fairview Park City School District	100.00
North Olmsted City School District	100.00
Olmsted Falls City School District	100.00
Strongsville City School District	100.00
Cleveland Metroparks	16.66
Cleveland-Cuyahoga County Port Authority	16.85
Cuyahoga Community College	16.85
Cuyahoga County Library District	27.65
Greater Cleveland Regional Transit Authority	16.85
Lorain County Community College	0.28
Lorain County Health District	0.29
Lorain County Metropark District	0.28
Lorain County Regional Airport Authority	0.28
Lorain Port Authority (City)	0.28
Rural Lorain County Water Authority	1.37

Source: OMAC.

Each of these entities operates independently, with its own separate budget, taxing power and sources of revenue. Only the County, the municipality, the RTA may, as may the School District, levy ad valorem property taxes within the ten-mill limitation (subject to available

statutory allocation of the 10 mills) described under **Indirect Debt and Unvoted Property Tax Limitations.**

Tax Rates

All references to tax rates under this caption are in terms of stated rates in mills per \$1.00 of assessed valuation.

Townships, Corporations and Schools	Total Full Rate/1000 Valuation	Total Res., & Agri. Eff. Rate	Total Com., Ind., & Others Eff. Rate
CUYAHOGA COUNTY			
BEREA CITY			
Berea City School District	127.92	63.186747	86.773512
Olmsted Falls City School District	152.92	71.818437	87.159536
BROOKLYN CITY			
Brooklyn City School District	100.28	72.914474	85.428343
BROOKPARK CITY			
Berea City School District	115.87	56.019925	78.479821
FAIRVIEW PARK CITY			
Fairview Park City School District	144.75	73.617916	99.570539
Berea City School District	124.41	64.135986	86.882054
MIDDLEBURG HEIGHTS CITY			
Berea City School District	116.57	56.016251	78.664840
NORTH OLMSTED CITY			
North Olmsted City School District	144.92	75.591297	107.545604
Olmsted Falls City School District	148.62	72.539966	86.727283
OLMSTED TOWNSHIP			
Olmsted Falls City School District	168.62	75.983581	93.339890
OLMSTED FALLS CITY			
Olmsted Falls City School District	149.77	68.235510	83.747123
Berea City School District	123.77	58.603820	82.361099
STRONGSVILLE CITY			
Strongsville City School District	117.80	52.535864	71.772461
CLEVELAND CITY			
Berea City School District	123.82	64.108276	86.541259
LORAIN COUNTY			
COLUMBIA TOWNSHIP			
Olmsted Falls City School District	137.21	61.078749	72.376571
Strongsville City School District	110.09	47.215729	62.382376

The following are the rates at which the School District and overlapping taxing subdivisions have in recent years levied ad valorem property taxes in that area of the School District having the highest overlapping tax rate.

TAX TABLE A
Overlapping Tax Rates

Collection Year	Olmsted Falls CSD	Olmsted Township	County and Others(a)	Polaris Career Center	Total
2021	106.90	31.50	26.13	3.09	167.62
2022	106.90	31.50	26.13	3.09	167.62
2023	106.90	31.50	26.13	3.09	167.62
2024	106.90	31.50	26.53	3.09	168.02
2025	107.50	31.50	26.53	3.09	168.62

(a) Includes rates for the Cleveland Metropolitan Park District, the Cuyahoga Community College District, the Cleveland Cuyahoga County Port Authority and the Cuyahoga County Public Library.

Source: County Fiscal Officer.

Statutory procedures limit, by the application of tax credits, the amount realized by each taxing subdivision from real property taxation to the amount realized from those taxes in the preceding year plus both:

- the proceeds of any new taxes (other than renewals) approved by the electors, calculated to produce an amount equal to the amount that would have been realized if those taxes had been levied in the preceding year; and
- amounts realized from new and existing taxes on the assessed valuation of real property added to the tax duplicate since the preceding year.

The tax credit provisions do not apply to amounts realized from (i) taxes levied at whatever rate is required to produce a specified amount or an amount to pay debt charges on voted general obligations, (ii) taxes levied inside the ten-mill limitation, (iii) taxes provided for by a municipal charter, (iv) school district levies for operating purposes once the “20-mill floor” has been reached or (v) joint vocational school district (career center) levies once the “two-mill floor” has been reached (as it has been in the School District with respect to all real property). To calculate the limited amount to be realized, a reduction factor is applied to the stated rates of the levies subject to these tax credits. A resulting “effective tax rate” reflects the aggregate of those reductions, and is the rate based on which real property taxes are in fact collected. As an example, the total overlapping tax rate for the 2025 tax collection year of 168.62 mills within the School District (within Olmsted Township) is reduced by reduction factors of 0.549380 for residential/agricultural property and 0.446449 for all other real property, which results in “effective tax rates” of 75.983581 mills for residential and agricultural property and 93.339890 mills for all other real property. See **Tax Table A**.

Residential and agricultural real property tax amounts paid by taxpayers generally have been further reduced by an additional 10% (12.5% in the case of owner-occupied residential property); however, legislation passed by the State’s General Assembly in 2013 eliminated such reductions for additional and replacement levies approved at elections after September 29, 2013, and for other taxes (or increases in taxes) not levied for tax year 2013. See **Collections** for a discussion of reimbursements by the State to taxing subdivisions for these reductions and related changes made by that State legislation.

The following are the rates at which the School District levied property taxes for the general categories of purposes for the years shown outside the ten-mill limitation.

TAX TABLE B
School District Tax Rates

Collection Year	Operating	Permanent Improvement(a)	Total
2021	2.40	0.69	3.09
2022	2.40	0.69	3.09
2023	2.40	0.69	3.09
2024	2.40	0.69	3.09
2025	2.40	0.69	3.09

(a) Approved by the School District's voters at the election held on November 8, 2016; the School District expects the proceeds of this levy will be the source of appropriations by the Board for rental payments under the Lease. See **School District Debt and Other Long-Term Obligations – Lease Purchase Obligations; Certificates of Participation and Debt Tables C and D.**

See the discussion of the ten-mill limitation, and the priority of claim on that millage for debt charges on unvoted general obligation debt, under **Indirect Debt and Unvoted Property Tax Limitations.**

The following table presents certain information concerning the School District's millage-based voted property tax levies for current operating expenses levied for collection year 2025, each of which, except as otherwise noted, is levied for a continuing period of time.

Voter Authorized	Millage Rate	
	Levied for Current Collection Year	
	<u>Res./Agr.</u>	<u>All Other</u>
1.20	0.999415	1.000999
0.70	0.583511	0.585013
0.50	0.417073	0.420818

Each levy approved for a continuing period is subject to reduction through a statutory procedure requiring both (i) a petition signed by 10% of the electors of the School District voting in the last general election (to be filed at least 60 days before the general election in any year) stating the amount of the proposed reduction and (ii) the approval of the reduction by a majority vote at the general election, with the reduction to commence at the expiration of the then-current year. No such petition has ever been filed with respect to a District levy.

The School District has an effective tax rate on residential and agricultural property of 1.999999 mills for current operating expenses. State law establishes a "two-mill floor" for a joint vocational school district's levy for current operating expenses (excluding for this purpose emergency tax levies and other "fixed dollar" levies for operating purposes). For school districts that have reached that floor, such as the School District, the effect of the reduction mechanism discussed above is negated, and the School District receives the proceeds of two mills of property tax levied against all property subject to ad valorem property taxes without reduction. The effect of reaching that floor is that the School District receives increases in property tax receipts for operating purposes more nearly commensurate with increases in its assessed valuation. There can be no assurance that the School District will remain at that floor.

The School District also levied a voter-authorized 0.69-mill ad valorem property tax for the purpose of general permanent improvements at effective rates of 0.411725 mills for

residential and agricultural real property and 0.610024 for all of the other real property for collection in collection year 2025. See **Appendix B**.

The results of issues placed before the electors of the School District in recent years are set forth in the following table.

TAX TABLE C
Tax Issues Voted Upon

Election Date	Purpose	Term	Mills Appearing on Ballot	Votes		Result
				For	Against	
11/15	Permanent Improvements	Continuing	0.69	24,524	28,548	Failed
11/16	Permanent Improvements	Continuing	0.69	43,944	41,518	Passed

Collections

The following are the amounts billed and collected for School District ad valorem property taxes on real and public utility property for the tax collection years shown.

Collection Year	Current Billed	Current Collected	Current % Collected	Delinquent	
				Current	Accumulated
2020	\$14,676,726	\$14,157,143	96.46%	\$466,656	\$709,981
2021	14,808,133	14,369,252	97.04	381,445	705,579
2022	15,876,500	15,218,471	95.85	440,781	632,153
2023	16,036,643	15,547,157	96.95	425,389	596,732
2024	16,228,919	15,831,908	97.55	406,462	603,111

Source: County Fiscal Officer.

Included in the “Current Billed”, “Current Collected” and “Current % Collected” figures above are payments made from State revenue sources under three Statewide real property tax relief programs – the Non-Business Credit, the Owner-Occupancy Credit and the Homestead Exemption.

The Non-Business Credit (formerly the “10% Rollback”) and the Owner-Occupancy Credit (formerly the “2.5% Rollback”) apply to all non-business properties, and reduces each property owner’s ad valorem property tax liability as to certain “qualifying levies” by 10% and, if the property is owner-occupied and the owner does not claim any other property as a primary residence, an additional 2.5%, respectively. The Non-Business Credit and Owner-Occupancy Credit and related reimbursements have been eliminated with respect to new or replacement tax levies approved at elections after September 29, 2013. “Qualifying levies” include (i) levies approved at an election held before September 29, 2013, (ii) levies within the ten-mill limitation, (iii) levies provided for by the charter of a municipal corporation that were levied on the tax list for tax year 2013 and (iv) subsequent renewals and substitutes of such levies. See **Tax Rates**.

A Homestead Exemption is available for those who own and occupy a property as a primary residence as of January 1 in the year of application and (i) are 65 years of age or older, (ii) are totally or permanently disabled, (iii) are a military veteran with a 100% disability rating, (iv) already receive the Homestead Exemption, and have recently changed residence, or (v) a surviving spouse of a person who was totally or permanently disabled or 65 years of age or older, and had applied and qualified for a reduction of property taxes in the year of death, so long as the

surviving spouse was not younger than 59 or older than 65 years of age on the date of their deceased spouses' death. Those qualifying for the Homestead Exemption for the first time in 2025 must have an Ohio Adjusted Gross Income of \$40,000 or less (the amount is annually adjusted for inflation). The Homestead Exemption exempts a portion (\$28,000 for tax year 2024, increased to \$56,000 for disabled veterans with a 100% disability rating or their surviving spouses, and for surviving spouses of public service officers killed in the line of duty, with each of those amounts adjusted annually for inflation) of the homestead's market value from taxation, thereby reducing the property owner's ad valorem property tax liability.

Payments to taxing subdivisions have been made in amounts approximately equal to the Non-Business Credit and Owner-Occupancy Credits and Homestead Exemptions granted. This State assistance reflected in the School District's tax collections for 2024 was \$1,070,824 for the Non-Business Credit and Owner-Occupancy Credit and \$288,511 for the Homestead Exemption.

Real property taxes are payable in two installments, the first usually by February and the second in July.

Delinquencies

The following is a general description of delinquency procedures under Ohio law, the implementation of which may vary in practice among the counties. Under the Revised Code, taxes become a lien of the State on the first day of January, annually, and continue until the taxes, including any penalties, interest or other charges, are paid. Real estate taxes and special assessments that are not paid in the year they are due are to be certified by the county auditor's office as delinquent. Any amount of a previous tax bill not paid before new tax bills are mailed for the next half of the year is considered delinquent and becomes subject to a 10% penalty. A list of delinquent properties is compiled by the county auditor (the "delinquent land duplicate"). If delinquent taxes (and special assessments) are not paid within 60 days after a copy of the county auditor's delinquent land duplicate is delivered to the county treasurer, then the county treasurer is to enforce the lien of the State that attached on January 1 of the year the taxes first became payable. Under State law (Section 323.25 of the Revised Code), the county treasurer is to enforce the lien "in the same way mortgage liens are enforced," that is, by an action in the court of common pleas for foreclosure and sale of the property in satisfaction of the delinquency. If the county treasurer fails to bring an action to enforce the lien, then the State Tax Commissioner is to do so. In addition, one year after certification of a delinquent land list, the county prosecuting attorney is authorized to institute foreclosure proceedings in the name of the county treasurer to foreclose the lien.

The property owner may arrange a payment plan with the county treasurer providing for payments over a period not to exceed five years. If payments are made when due under the plan, no further interest will be assessed against delinquent balances covered by the plan; a default in any payment under the plan or in the payment of current taxes will invalidate the taxpayer's participation in the plan. If a payment plan is not adhered to or if none is arranged, foreclosure proceedings may be initiated by the county. Mass foreclosure proceedings and sales are permitted after three years' delinquency. Proceeds from delinquent property foreclosure sales become part of and are distributed as current collections to the taxing subdivisions.

In recent years, the State legislature has enacted several programs with respect to forestalling the foreclosure process or the forfeiture of property due to tax delinquency that may have the effect of delaying or eliminating the collection of certain property taxes. Notwithstanding the delay or loss of the tax revenues from those properties, an issuer of general obligation notes or bonds, such as the School District, remains obligated to pay the debt charges on those notes or bonds from the available revenues.

There were 74,656 nonexempt parcels in the School District for collection year 2024. The total number of delinquent parcels was 936, against 29 of which tax foreclosure proceeding were commenced.

Considerations Regarding Real Property Tax Reform

From time to time, (i) legislative proposals may be introduced in the General Assembly, (ii) ballot initiatives may be proposed by electors and (iii) court proceedings may be filed, which, in each case, if to become law, could alter or amend one or more of the ad valorem property tax matters referred to herein and which may have a materially adverse effect on the market value of the Series 2025 Certificates. There can be no assurance that legislation enacted, ballot initiatives approved, or actions by a court, after the date of issuance of the Series 2025 Certificates, will not have a materially adverse effect on the market value or marketability of the Series 2025 Certificates. Prospective purchasers of the Series 2025 Certificates should consult their own counsel regarding pending or proposed State property tax legislation, related ballot initiatives and court proceedings, as to all of which the School District and Bond Counsel express no opinion.

Specifically, on May 9, 2025, the Ohio Attorney General's Office certified, and on May 14, 2025, the Ohio Ballot Board voted to certify a petition title and summary of a proposed amendment to the Ohio Constitution from Citizens for Property Tax Reform, "Abolishment of Taxes on Real Property", proposing to add a new Section 14 to Article XII of the Ohio Constitution abolishing taxes on real property. The proposed amendment is limited to the abolishment of real property taxes and does not address any implications of that. In order to appear on the ballot, the petitioners must collect signatures from registered voters equal to at least 10% of the vote cast in the most recent gubernatorial election. Those signatures must come from voters in at least 44 of Ohio's 88 counties, and for each of those counties the number must equal at least 5% of the vote cast in the most recent gubernatorial election. If sufficient signatures are verified by the Ohio Secretary of State's Office at least 65 days before the election, the full text of the proposed amendment would be placed on the ballot at the next regular or general election that occurs subsequent to 125 days after the filing of such petition. At soonest, the proposed amendment could appear on the ballot at the November 3, 2026 election; however, there can be no assurance when or if the proposed amendment would be on the ballot.

On July 21, 2025, Governor DeWine formed, and announced the membership of, a Property Tax Reform Working Group. The Working Group, informally announced during the Governor's signing of the 2025 Budget Act and his related veto message, was tasked with examining issues related to how to provide meaningful property tax relief to homeowners and businesses while ensuring that funding for local schools, fire, police, EMS, libraries, and developmental disabilities is adequate. The Working Group issued its final Recommendations Report on September 30, 2025, including 20 recommendations as to proposed ad valorem property tax reforms of various types. There can be no assurance that the General Assembly will consider or enact any of the Working Group's recommendations.

STATE SCHOOL FUNDING SYSTEM

The State's General Assembly has historically provided financial assistance to city, exempted village, local, municipal and joint vocational school districts as a part of its undertaking to secure a thorough and efficient system of common schools throughout the State as required by the Ohio Constitution. The levels of that financial assistance (State Education Aid) and methods used in allocating it among the school districts have been established and frequently modified in the State's biennial budget and other legislation passed by the General Assembly from time to time.

The 2025 State Budget Act extends the operation of the State Education Aid system established by the 2021 State Budget Act as previously extended by the 2023 State Budget Act,

with certain changes. The 2021 State Budget Act incorporated and adopted aspects of the “Fair School Funding Plan” (FSFP), a three-year, bipartisan effort by school district board members and administrators, State legislators, trade associations and other interested parties to create a funding model that would more equitably distribute money among the State’s school districts, with an emphasis on additional funds being provided by the State rather than being raised by school districts through local ad valorem property tax levies, school district income taxes or otherwise.

Under the 2025 State Budget Act, State Education Aid is estimated to modestly increase average per-pupil aid for each year of the biennium. Generally speaking, under each of the 2021 State Budget Act, 2023 State Budget Act and 2025 State Budget Act, funding was and will be increased, though the 2025 State Budget Act slows that increase from the prior State Budget Acts, with a majority of the additional revenue going to the poorest school districts in the State and with the largest per-pupil increases, on average, going to urban school districts and the largest average percentage increases going to smaller urban school districts. It is anticipated that no school district will receive less net State Education Aid under the 2025 State Budget Act than under the 2023 State Budget Act. Net State Education Aid has and will increase for almost all school districts during the biennium, modestly in most instances.

The 2021 State Budget Act made significant changes to the calculation and payment of State Education Aid, which continue under the 2025 State Budget Act. Generally speaking, students are funded where they are educated, instead of where they live. Students at community schools, STEM schools and those participating in a scholarship program (e.g., EdChoice, Autism Scholarship, Jon Peterson Special Needs Scholarship) and those participating in open enrollment are directly funded at their educating entity. This change eliminated the previous practice of deduction and transfer of funds from resident school districts to educating entities for those students. As a result, school districts with large numbers of students who leave through choice options receive less State Education Aid without the inclusion of those students.

For purposes of determining the State share of the base cost of core foundation funding, an overall base cost is calculated for each school district using formulas to create estimated base costs of (i) direct classroom instruction, (ii) instructional and student support, (iii) school district leadership and accountability, (iv) building leadership and operations and (v) athletic co-curricular activities. The school district’s calculated base cost is then to be allocated between a State share and a school district share based on the school district’s “per-pupil local capacity” which is a function of its ad valorem property tax valuation per-pupil and measures of income wealth in the school district. The State share for school districts with lower ad valorem property tax valuations per-pupil and/or lower income wealth per-pupil is larger. However, in no case is the State share of the school district’s calculated base cost less than 10% (maintained under the 2025 State Budget Act after being increased in the 2023 State Budget Act from 5% under the 2021 State Budget Act). The 2025 State Budget Act requires the use of Fiscal Year 2022 data to calculate the base cost, which is the same as under the 2023 State Budget Act.

Under the core foundation funding formula, in addition to the State share described above, school districts may also receive, as applicable, State Education Aid in the form of (i) targeted assistance based on relative tax valuation and income factors and student population, (ii) a weighted amount based on six categories of disabilities for special education and related services, (iii) supplemental disadvantaged pupil impact aid based on the relative proportion of a school district’s students identified as economically disadvantaged, (iv) a weighted amount for each of three English learner categories, (v) gifted funds for identification, referral, professional development, coordinators and intervention specialists, (vi) a weighted amount for each of five career-technical categories and (vii) a weighted amount for career-technical education associated services. The amount of a school district’s State Education Aid in the form of special education, English learner, gifted and career-technical education funding is generally to be determined in the same manner as its State share of the school district’s base cost.

As provided in the 2023 State Budget Act, the 2025 State Budget Act continues to provide for private school voucher eligibility for all students in grades K-12, with the value of the EdChoice Scholarship dependent on family income. Children whose families earn up to 450% of the federal poverty level (\$135,000 for a family of four) will be able to obtain a full EdChoice Scholarship to cover costs of attending participating private schools (estimated to be \$6,165 for students in grades K-8 and \$8,407 for students in grades 9-12), with pro-rated, means-tested amounts available for families earning in excess of that amount, resulting in all K-12 students being eligible for a scholarship worth at least 10% of the maximum regardless of income. In all, the 2023 State Budget Act increased voucher funding 77% from prior voucher funding. The School District cannot predict the future impact, if any, of these changes to voucher eligibility on its student enrollment and resulting State Education Aid. See **The School System – Enrollment – Charter Schools; Tuition Vouchers** for a discussion regarding recent court ruling potentially affecting the EdChoice voucher program.

The 2023 State Budget Act renamed the Department of Education as the Department of Education and Workforce (DEW) and created the position of Director of DEW, appointed by the Governor with the advice and consent of the State Senate. Within DEW, the Division of Primary and Secondary Education and Career-Technical Education were created, each of which is headed by a Deputy Director appointed by the Director with the advice and consent of the State Senate. Most of the powers of the previous State Board of Education, and State Superintendent of Public Instruction, were transferred to DEW, excluding educator licensure, licensee disciplinary actions, school district territory transfers and certain other areas.

The School District believes applicable school funding provisions in the 2025 State Budget Act will not negatively affect the School District's State Education Aid as presented in its current financial forecast.

There can be no assurance concerning future funding levels or systems or formulae for allocation of State Education Aid or the continuing implementation of the FSFP. Funding has also been subject to adjustment during a biennium. As indicated above, the General Assembly has the power to modify the system of State school funding and has often exercised that authority. The School District cannot predict whether, when or in what form any future system of State school funding will be enacted into law.

The following table presents certain information concerning State Education Aid payments to the School District under the various State funding systems and formulae in place for the Fiscal Years indicated.

Fiscal Year	State Education Aid	State Education Aid as a % of General Fund Total Revenues and Other Financing Sources(a)	State Education Aid as a % of General Fund Total Expenditures and Other Financing Uses(a)
2021(b)	\$2,885,333	20.05%	21.12%
2022(b)	3,421,299	21.85	22.07
2023	4,279,974	24.84	24.82
2024	5,569,285	29.22	29.22
2025	6,436,623	29.96	29.98
2026(c)	6,711,397	30.22	27.81

(a) See **Appendix A** for details regarding revenues and expenditures.

(b) See **COVID-19 Pandemic**.

(c) Forecasted.

See **Appendix A** for further information regarding other revenue sources for the General Fund and other funds. See **Retirement Expenses** for discussion of deduction by the State from State Education Aid to pay the School District’s retirement system contributions.

Casino Tax Revenues

In Fiscal Year 2013, the School District began receiving revenues from a tax on casino revenues imposed by the State pursuant to a vote of the electors of the State authorizing the constitutional amendment permitting four casinos to be constructed and operated in the cities of Cincinnati, Cleveland, Columbus, and Toledo.

Of the revenues from that tax, 34% are allocated to school districts in the State under a formula related to the number of pupils. The School District’s shares of the proceeds of that tax, established by the constitutional amendment, were as follows in Fiscal Year 2025 and other recent Fiscal Years:

Fiscal Year	Amount
2021	\$105,869 ^(a)
2022	158,805
2023	179,560
2024	185,285
2025	186,934

(a) See **COVID-19 Pandemic**.

SCHOOL DISTRICT DEBT AND OTHER LONG-TERM OBLIGATIONS

The following describes the security for general obligation debt, applicable debt and ad valorem property tax limitations, and outstanding and projected bond and note indebtedness and certain other long-term financial obligations of the School District.

As used in the discussions that follow, the term “BANs” refers to notes issued in anticipation of the issuance of general obligation bonds.

The School District is not, and to the knowledge of current District officials has not ever been, in default in the payment of debt charges on any of the bonds or notes on which the School District is obligor.

Security for General Obligation Debt; Bonds and BANs

The following describes the security for the School District’s general obligation debt.

Voted Bonds. The basic security for voted School District general obligation bonds is the authorization by the electors for the Board to levy, and its levy pursuant to constitutional and statutory requirements of, ad valorem taxes, without limitation as to rate or amount, on all real and tangible personal property subject to ad valorem taxation by the Board. These taxes are outside of the ten-mill limitation and are to be sufficient in amount to pay (to the extent not paid from other sources) as they come due the debt charges on the voted bonds (subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities).

The School District currently has no voted general obligation bonds outstanding.

Unvoted Bonds. The basic security for the limited amount of School District unvoted general obligation bonds (see **Statutory Direct Debt Limitations**) is the Board's ability to levy, and its levy pursuant to constitutional and statutory requirements of, ad valorem taxes on all real and tangible personal property subject to ad valorem taxation by the Board, within the ten-mill limitation described below. These taxes are to be sufficient in amount to pay (to the extent not paid from other sources) as they come due the debt charges on unvoted general obligation bonds. The law provides that the levy necessary for debt charges has priority over any levy for other purposes within that tax limitation; that priority may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities. See the discussion under **Indirect Debt and Unvoted Property Tax Limitations** of the ten-mill limitation, and the priority of claim on it for debt charges on unvoted general obligation debt of the School District and all overlapping taxing subdivisions.

The School District has no unvoted general obligation bonds outstanding.

BANs. BANs may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the BANs, or available funds of the School District, or a combination of these sources. While BANs are outstanding, Ohio law requires the levy of ad valorem property taxes in an amount not less than what would have been levied if bonds had been issued without the prior issuance of the BANs. That levy need not actually be collected if payment in fact is to be provided from other sources, such as the proceeds of the bonds anticipated or of renewal BANs. BANs, including renewal BANs, may be issued and outstanding from time to time up to a maximum period of 240 months from the date of issuance of the original notes. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated. Portions of the principal amount of BANs outstanding for more than five years must be retired in amounts at least equal to, and payable not later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five-year period.

The School District has no outstanding BANs.

Statutory Direct Debt Limitations

The Revised Code provides two debt limitations on general obligation debt that are directly based on tax (assessed) valuation, applicable to all school districts, including the School District.

- The net principal amount of both voted and unvoted debt of the School District, excluding "exempt debt" (discussed below), may not exceed 9% of the total tax (assessed) valuation of all property in the School District as listed and assessed for taxation, except in the case of a "special needs" school district.
- The net principal amount of unvoted debt of the School District, excluding exempt debt, may not exceed 1% of that valuation, as discussed below.

These two limitations, which are referred to as the "direct debt limitations," may be amended from time to time by the General Assembly.

The School District's ability to incur unvoted debt (whether or not exempt from the direct debt limitations) is also restricted by the indirect debt limitation discussed under **Indirect Debt and Unvoted Property Tax Limitations**.

As stated above, the Revised Code provides as a general limitation that the net principal amount of general obligation debt of a school district incurred without a vote of the electors, in general, may not exceed 1% of the school district's total tax valuation. A further general limitation, from which certain energy conservation and exempt debt (discussed below) may be excluded, is 1/10th of 1% of its total tax valuation. The School District has no outstanding unvoted debt subject to this limitation. School districts may also issue unvoted general obligation debt and other debt under certain circumstances for energy conservation programs, which general obligation debt may not exceed 9/10ths of 1% of the school district's tax valuation. The School District has no unvoted debt subject to that limitation. Debt charges on any unvoted debt, unless paid from other sources, must be paid from the millage levied within the ten-mill limitation, resulting in a reduction in money available for operating expenses.

Certain debt that the School District may issue is exempt from the 9%, 1/10th of 1%, 9/10ths of 1% and 1% direct debt limitations (exempt debt). Exempt debt includes, without limitation, current tax revenue anticipation notes, tax anticipation notes, securities issued to pay final judgments or court-approved settlements, securities issued to acquire school buses and other equipment used in transporting pupils, securities evidencing State solvency assistance loans, certain securities issued to acquire computers and related hardware and certain unvoted securities issued a school district's share of the basic project cost and any additional funds necessary to participate in a cooperative project with the Ohio Facilities Construction Commission (the Commission) under Chapter 3318 of the Revised Code that are secured by a pledge of proceeds of a school district income tax or a voted property tax levy. In addition, under divisions (D)(2) and (I) of Section 133.06 of the Revised Code, voted general obligation debt issued as "approved special needs district" debt and debt issued solely to raise (i) a school district's share of the basic project cost necessary to participate in a cooperative project with the Commission under Chapter 3318 of the Revised Code, (ii) the cost of items designated by that Commission as required locally funded initiatives in connection with such a project, (iii) the cost of other related locally funded initiatives in an amount that does not exceed 50% of the district's portion of the basic project cost, and (iv) the cost of acquiring sites for such a project, is exempt from the 9% direct debt limitation. The School District has no such exempt debt outstanding.

BANs issued in anticipation of exempt bonds also are exempt debt.

The School District may incur debt for operating purposes, such as current tax revenue anticipation notes or tax anticipation notes, only under certain limited statutory authority. The School District does not have any such debt outstanding.

In the calculation of debt subject to the direct debt limitations, the amount in a school district's bond retirement fund allocable to the principal amount of nonexempt debt is deducted from gross nonexempt debt. Without consideration of amounts in the Bond Retirement Fund, and based on outstanding debt and the current tax (assessed) valuation, the School District's voted and unvoted nonexempt debt capacities are:

Limitation(a)	Nonexempt Debt Outstanding	Additional Debt Capacity Within Limitation
9% = \$673,088,100	\$ 0	\$ 673,088,100
.1% = \$ 7,478,757	\$ 0	\$ 7,478,757
.9% = \$ 67,308,810	\$ 0	\$ 67,308,810
1% = \$ 74,787,567	\$ 0	\$ 74,787,567

- (a) The School District's then current tax (assessed) valuation for purposes of determining its direct debt limitations was \$7,478,756,670.

This is further detailed in **Debt Table A**.

Indirect Debt and Unvoted Property Tax Limitations

Voted general obligation debt may be issued by the School District if authorized by vote of the electors. Ad valorem taxes, without limitation as to amount or rate, to pay debt charges on voted bonds are authorized by the electors at the same time they authorize the issuance of the bonds.

General obligation debt also may be issued by the School District without a vote of the electors, but subject to the 1% and 1/10th and 9/10ths of 1% limitations discussed above. This unvoted debt may not be issued unless the ad valorem property tax for the payment of debt charges on those bonds (or the bonds in anticipation of which BANs are issued), and all outstanding unvoted general obligation bonds (including bonds in anticipation of which BANs are issued) of the combination of overlapping taxing subdivisions including the District resulting in the highest tax required for such debt charges, in any year is 10 mills or less per \$1.00 of assessed valuation. This indirect debt limitation, the product of what is commonly referred to as the "ten-mill limitation," is imposed by a combination of provisions of the Ohio Constitution and the Revised Code.

The ten-mill limitation is the maximum aggregate millage for all purposes that may be levied on any single piece of property by all overlapping taxing subdivisions without a vote of the electors. The 10 mills are allocated pursuant to a statutory formula among certain overlapping taxing subdivisions in the County, including the School District. For collection year 2025, 8.30 mills was levied by the combination of the School District and taxing subdivisions overlapping the School District. For collection year 2025, the allocation of the 8.30 mills (sometimes referred to as the "inside millage") was as follows: 2.40 School District, 4.45 City and 1.45 County. That allocation has remained constant for at least the last five years.

Because the School District is restricted in the amount of unvoted debt it can issue, the major impact of the indirect debt limitation generally results from the ability of overlapping political subdivisions to issue unvoted general obligation debt in amounts that require unvoted taxes for the payment of debt charges on that debt to be levied at a rate in excess of the rates within the ten-mill limitation allocated by statutory formula to the subdivisions. The result of a subdivision having to draw on millage to pay debt charges in an amount exceeding its allocated rate within the ten-mill limitation would be to reduce the millage within the ten-mill limitation available to the overlapping subdivisions, including the inside millage then levied by the Board for operating purposes.

Present Ohio law requires the inside millage allocated to a taxing subdivision to be used first for the payment of debt charges on its unvoted general obligation debt, unless provision has been made for that payment from other sources, with the balance usable for other purposes. To the extent this inside millage is required for debt charges of a taxing subdivision (which may

exceed the formula allocation to that subdivision), the amount that would otherwise be available to that subdivision for general fund purposes is reduced. Because the inside millage that may actually be required to pay debt charges on a subdivision's unvoted general obligation debt may exceed the formula allocation of that millage to the subdivision, the excess reduces the amount of inside millage available to overlapping subdivisions. A law applicable to all Ohio cities and villages, however, requires that any lawfully available receipts from a municipal income tax or from voted property tax levies be allocated to pay debt charges on the municipality's unvoted debt before the formula allocations of the inside millage to overlapping subdivisions can be invaded for that purpose.

In the case of BANs issued in anticipation of unvoted general obligation bonds, the highest estimate of annual debt charges for the anticipated bonds is used to calculate the millage required.

The total millage theoretically required by the County and the City of Cleveland (the combination of overlapping taxing subdivisions that had outstanding unvoted debt) for debt charges on their outstanding unvoted general obligation debt is estimated to be 6.74241 mills for Fiscal Year 2026, the year of the highest potential debt charges. There thus remain 3.25759 mills within the ten-mill limitation that have yet to be allocated to debt charges and that are available to the School District and overlapping subdivisions in connection with the issuance of additional unvoted general obligation debt.

Debt Outstanding

The Debt Tables attached provide information concerning the School District's outstanding debt represented by bonds and notes, School District and overlapping subdivisions general obligation debt allocations, projected debt charges on the School District general obligation debt and the School District's outstanding general obligation bonds. See **Debt Tables**.

Bond Anticipation Notes

None of the debt of the School District is currently in the form of BANs. BANs may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the BANs, or available funds of the School District, or a combination of these sources.

Bond Retirement Fund

The Bond Retirement Fund is the fund from which the School District pays debt charges on its general obligation debt and into which money required to be applied to those payments is deposited. See **Appendix B** for beginning and year-end balances, receipts and disbursements for this fund.

Special Obligation Debt

As discussed below, a school district may issue special obligation debt that is payable solely from certain anticipated tax revenues or other revenues and not secured by a pledge of the school district's full faith and credit or general taxing power. Special obligation debt is not subject to either the statutory direct debt limitations or to the indirect debt and property tax limitations.

Permanent Improvement Tax Anticipation Notes

A school district may issue notes in anticipation of revenues from a voted permanent improvement tax levy to pay costs of permanent improvements. These notes (TANs) are payable solely from the property tax revenues anticipated. The School District has no such special obligation debt outstanding.

Cash Flow Financings

A school district may incur special obligation debt for operating purposes, such as current tax revenue anticipation notes or tax anticipation notes, only under certain limited statutory authority.

Lease Purchase Obligations

The Revised Code provides that school districts may enter into “lease purchase agreements” to finance certain permanent improvements, such as land acquisition, office equipment, motor vehicles and facilities and improvements to facilities for school district purposes. The payments under the lease purchase agreements usually include principal and interest components, and the rights to receive those payments are sometimes securitized, marketed and sold in the form of certificates of participation. A school district’s payment obligations under a lease purchase agreement (lease purchase obligations) are subject to the annual appropriation of available funds for that purpose by the school district’s board. The lease purchase obligations and related certificates of participation do not constitute debt and are thus not subject to either the direct or indirect debt limitations.

Other Long-Term Financial Obligations

The School District has the following other long-term obligations outstanding:

- Retirement obligations and liability described under **Retirement Expenses**.
- Compensated absences obligations identified in Notes to the Fiscal Year 2024 Financial Statements.

The School District has no long-term financial obligations other than those described herein.

COVID-19 PANDEMIC

The spread of the strain of coronavirus commonly known as COVID-19 (COVID-19 or the Pandemic) began altering the behavior of businesses and people early in 2020 in a manner that had, and to an extent may continue to have, negative effects on global, state and local economies and, in turn, on state and local governments and their revenues and expenses.

As the initial effects of the Pandemic became known, the State reduced the aggregate State Education Aid provided to Ohio school districts in both Fiscal Years 2020 and 2021. The Pandemic also materially affected school district operations throughout the State in those Fiscal Years.

The School District was allocated federal assistance from the Elementary and Secondary School Emergency Relief (ESSER) Fund (ESSER I assistance) created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act addressing the impact that COVID-19 had on elementary and secondary schools across the nation. Public schools receiving such assistance were required to consult with and ensure the provision of, equitable services to students and teachers in nonpublic schools within their boundaries. The School District received \$159,031 of such ESSER I assistance.

Under the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, signed into law on December 27, 2021, the federal government provided additional assistance

through the ESSER Fund (ESSER II assistance). The School District received \$1,224,350 of such ESSER II assistance.

In March 2021, the American Rescue Plan Act of 2021 (ARPA) was enacted into federal law, allocating over \$121 billion in additional funds to K-12 education nationally (ESSER III funds). ESSER III funds were permitted to be used for essentially the same purposes as ESSER I and ESSER II, but ARPA required that at least 20% of the funds be reserved to address learning losses. The School District was awarded ESSER III assistance in the amount of \$2,751,669, to be spent through September 30, 2024. The School District utilized the funds to offset the cost of addressing learning losses and other General Fund expenditures.

The State distributed a portion of CARES Act funding under the Coronavirus Relief Fund (CRF) to K-12 schools for use in Fiscal Year 2021. The School District received \$206,167 in total additional funds in Fiscal Year 2021. Such CRF funds were to be used for expenditures incurred due to the COVID-19 pandemic, for expenses beginning March 1, 2020 through December 30, 2021.

The amounts of the reductions in State Education Aid and in any of its local tax sources, additional grant assistance received as well as both Pandemic-related expenses and operational cost savings resulting from the temporary school closures experienced by the School District during the pendency of the Pandemic, if any, are reflected in the information provided in this Annual Information Filing. See, e.g., **State School Funding System** and **Appendices A and B**.

The Pandemic's full effect on the School District's finances and operations, including on subsequent levels of State Education Aid and other State and federal assistance, and on the collection of local taxes, cannot be fully known.

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CONCLUDING STATEMENT

To the extent that any statements made in this Offering Circular involve matters of opinion or estimates, whether or not expressly stated to be such, they are made as such and not as representations of fact or certainty and no representation is made that any of these opinions or estimates have been or will be realized. Information in this Offering Circular has been derived by the School District from official and other sources and is believed by the School District to be accurate and reliable. Information other than that obtained from official records of the School District has not been independently confirmed or verified by the School District and its accuracy is not guaranteed.

Neither this Offering Circular nor any statement that may have been or that may be made orally or in writing is to be construed as or as part of a contract with the original purchasers or subsequent Owners of the Series 2025 Certificates or book-entry interests in those Series 2025 Certificates.

This Offering Circular has been prepared and delivered by the School District and signed for and on behalf of the Board and the School District by the officials indicated below.

POLARIS CAREER CENTER, OHIO

By: _____
President, Board of Education

By: _____
Superintendent

By: _____
Treasurer, Board of Education

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DEBT TABLE A

Principal Amounts of Outstanding General Obligation (GO) and Other Debt; Leeway for Additional Debt within Direct Debt Limitations^(a)

A	Total debt:				\$	0
B	Exempt debt:				\$	0
C	Total nonexempt debt [A minus B]:				\$	0
D	Unvoted debt limitations:	1% of tax (assessed) valuation	1/10th of 1% of tax (assessed) valuation	9/10ths of 1% of tax (assessed) valuation		
		\$74,787,567	\$7,478,757	\$67,308,810		
E	Total nonexempt limited tax bonds and notes outstanding:	1% of tax (assessed) valuation	1/10th of 1% of tax (assessed) valuation	9/10ths of 1% of tax (assessed) valuation		
	Bonds	\$ 0	\$ 0	\$ 0		
	Notes	\$ 0	\$ 0	\$ 0		
F	Debt leeway within unvoted debt limitations [D minus E]:	\$74,787,567*	\$7,478,757*	\$67,308,810*		
G	9% of tax (assessed) valuation (voted and unvoted debt limitation):			\$673,088,100		
H	Total nonexempt bonds and notes outstanding:					
	Bonds		\$ 0			
	Notes		\$ 0	\$ 0		
I	Debt leeway within 9% debt limitation [G minus H]:			\$673,088,100*		

* Debt leeway in this table determined without considering money in the Bond Retirement Fund.

(a) The School District's then current tax (assessed) valuation for purposes of determining its direct debt limitations was \$7,478,756,670. See **School District Debt and Other Long-Term Obligations – Statutory Direct Debt Limitations**.

DEBT TABLE B

Various School District and Overlapping GO Debt Allocations (Principal Amounts)(a)

	Amount	Per Capita(a)	% of School District's Current Assessed Valuation(b)
Highest Total Overlapping GO Debt(c)	\$120,355,340	\$656.22	1.61%

(a) Based on 2023 Census population of 183,406.

(b) The School District's current assessed valuation is \$7,478,756,670.

(c) Includes, in addition to "Total School District GO Debt," allocations of total GO debt of overlapping debt issuing subdivisions (as of November 4, 2025), resulting in the calculation of highest total overlapping debt based on percent of tax (assessed) valuation of territory of the subdivisions located within the School District (% figures are resulting percent of total debt of subdivisions allocated to the School District in this manner), as follows:

\$39,090,340 County (16.85%);
 \$25,695,000 City of Strongsville (100.00%);
 \$55,570,000 Strongsville City School District (100.00%).

Allocation of General Obligation debt of the remaining overlapping debt issuing subdivisions is as follows:

\$ 218,232 Lorain County (0.28%);
 \$ 10,850,000 City of Berea (100.00%);
 \$ 5,919,822 City of Brook Park (95.79%);
 \$ 1,218,317 City of Brooklyn (100.00%);
 \$ 1,655,91 City of Cleveland (0.78%);
 \$ 12,451,095 City of Fairview Park (91.89%);
 \$ 9,480,000 City of Middleburg Heights (100.00%);
 \$ 24,320,000 City of North Olmsted (100.00%);
 \$104,315,000 Berea City School District (100.00%);
 \$ 44,226,699 Brooklyn City School District (100.00%);
 \$ 20,875,000 Fairview Park City School District (100.00%);
 \$120,090,134 North Olmsted City School District (100.00%);
 \$ 26,471,619 Olmsted Falls City School District (100.00%); and
 \$ 29,911,278 Cuyahoga Community College (17.19%).

Source of tax (assessed) valuation and confirmation of GO debt figures for overlapping subdivisions: OMAC.*

* Ohio Municipal Advisory Council (OMAC) compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed this Annual Information Filing to confirm that the information attributed to it is information provided by OMAC or for any other purpose.

DEBT TABLE C

Certificates of Participation Base Rent Schedule*

<u>Lease Payment Date</u>	<u>Series 2017 Principal Component</u>	<u>Series 2017 Interest Component</u>	<u>Series 2025 Principal Component</u>	<u>Series 2025 Interest Component</u>	<u>Total Base Rent</u>
05/01/2026		\$314,468.75		\$597,497.92	\$ 911,966.67
11/01/2026		314,468.75		607,625.00	922,093.75
05/01/2027		314,468.75		607,625.00	922,093.75
11/01/2027		314,468.75	\$ 895,000	607,625.00	1,817,093.75
05/01/2028		314,468.75		585,250.00	899,718.75
11/01/2028		314,468.75	1,305,000	585,250.00	2,204,718.75
05/01/2029		314,468.75		552,625.00	867,093.75
11/01/2029		314,468.75	1,380,000	552,625.00	2,247,093.75
05/01/2030		314,468.75		518,125.00	832,593.75
11/01/2030		314,468.75	1,425,000	518,125.00	2,257,593.75
05/01/2031		314,468.75		482,500.00	796,968.75
11/01/2031		314,468.75	1,500,000	482,500.00	2,296,968.75
05/01/2032		314,468.75		445,000.00	759,468.75
11/01/2032		314,468.75	1,575,000	445,000.00	2,334,468.75
05/01/2033		314,468.75		405,625.00	720,093.75
11/01/2033		314,468.75	1,675,000	405,625.00	2,395,093.75
05/01/2034		314,468.75		363,750.00	678,218.75
11/01/2034		314,468.75	1,750,000	363,750.00	2,428,218.75
05/01/2035		314,468.75		320,000.00	634,468.75
11/01/2035		314,468.75	1,825,000	320,000.00	2,459,468.75
05/01/2036		314,468.75		274,375.00	588,843.75
11/01/2036		314,468.75	1,925,000	274,375.00	2,513,843.75
05/01/2037		314,468.75		226,250.00	540,718.75
11/01/2037	\$2,025,000	314,468.75		226,250.00	2,565,718.75
05/01/2038		276,500.00		226,250.00	502,750.00
11/01/2038		276,500.00	2,100,000	226,250.00	2,602,750.00
05/01/2039		276,500.00		173,750.00	450,250.00
11/01/2039		276,500.00	2,205,000	173,750.00	2,655,250.00
05/01/2040		276,500.00		118,625.00	395,125.00
11/01/2040		276,500.00	2,315,000	118,625.00	2,710,125.00
05/01/2041		276,500.00		60,750.00	337,250.00
11/01/2041		276,500.00	2,430,000	60,750.00	2,767,250.00
05/01/2042		276,500.00			276,500.00
11/01/2042	2,555,000	276,500.00			2,831,500.00
05/01/2043		225,400.00			225,400.00
11/01/2043	2,655,000	225,400.00			2,880,400.00
05/01/2044		172,300.00			172,300.00
11/01/2044	2,760,000	172,300.00			2,932,300.00
05/01/2045		117,100.00			117,100.00
11/01/2045	2,870,000	117,100.00			2,987,100.00
05/01/2046		59,700.00			59,700.00
11/01/2046	2,985,000	59,700.00			3,044,700.00

* Preliminary; subject to change.

DEBT TABLE D

Outstanding Debt and Other Long Term Obligations*

Lease Payment Obligations

The following obligations are also included in **Debt Table C**.

Issue	Date of Issuance	Final Maturity	Original Principal Amount	Outstanding Principal Amount
Series 2017 Certificates	03/14/2017	2046	\$47,100,000	\$15,850,000
Series 2025 Certificates	11/04/2025	2041	24,305,000	24,305,000

* Preliminary; subject to change.

APPENDIX A

Historical Cash Basis Revenues and Expenditures – General Operating Funds – for Fiscal Years 2021 through 2025 and Forecasted for Fiscal Year 2026(a)(b)

The figures in the table below have been taken from the School District's Five-Year Forecasts as reported to the State as required by Section 5705.391 of the Revised Code (the most recent of which was last updated in May 2025), with unaudited updates for Fiscal Years 2025 and 2026 as provided by the Treasurer).

	2021	2022	2023	2024	2025	Forecasted 2026(c)
Revenues						
General Property (Real Estate)	\$ 9,326,568	\$10,118,382	\$10,578,657	\$10,652,552	\$11,709,000	\$12,424,750
Tangible Personal Property Tax	452,913	486,441	519,997	545,903	567,834	576,915
Unrestricted Grants-in-Aid	1,818,643	2,008,197	2,771,182	3,565,434	4,057,296	4,292,386
Restricted Grants-in-Aid	1,066,690	1,413,102	1,508,792	2,003,851	2,379,327	2,419,011
Property Tax Allocation	1,170,891	1,233,615	1,292,688	1,296,174	1,468,631	1,527,377
All Other Operating Revenue	552,671	396,783	555,510	993,913	1,297,053	962,500
Total Revenue	\$14,388,376	\$15,656,521	\$17,266,826	\$19,057,828	\$21,479,143	\$22,202,938
Other Financing Sources						
Proceeds from Sale of Notes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Advances-In	0	0	0	0	2,993	0
All Other Financial Sources	(27)	0	15,280	0	0	0
Total Other Financing Sources	\$ (27)	\$ 0	\$ 15,280	\$ 0	\$ 2,993	\$ 0
Total Revenues and Other Financing Sources	\$14,388,349	\$15,656,521	\$17,242,106	\$19,057,828	\$21,482,135	\$22,202,938
Expenditures						
Personnel Services	\$ 8,376,442	\$ 8,330,510	\$ 9,421,477	\$10,079,010	\$10,894,216	\$11,510,263
Employees' Retirement/Insurance Benefits	3,117,645	3,128,794	3,637,194	4,101,818	4,642,178	5,206,706
Purchased Services	1,254,423	1,784,965	1,854,976	2,074,951	1,949,487	2,007,971
Supplies and Materials	622,053	1,137,934	1,497,469	1,308,964	1,466,350	1,525,004
Capital Outlay	76,574	211,875	165,494	791,008	1,996,546	3,246,528
Debt Service: Interest and Fiscal Charges	0	0	0	0	0	0
Other Objects	210,185	258,563	289,787	269,729	284,760	285,000
Total Expenditures	\$13,657,322	\$14,852,640	\$16,866,398	\$18,625,481	21,233,536.92	\$23,781,471
Other Financing Uses						
Operational Transfers - Out	\$ 0	\$ 647,360	\$ 375,634	\$ 426,783	\$ 232,766	\$ 350,000
Advances - Out	0	0	0	2,993	0	5,000
All Other Financing Uses	0	0	0	0	0	0
Total Other Financing Uses	\$ 0	\$ 647,360	\$ 375,634	\$ 429,776	\$ 232,766	\$ 355,000
Total Expenditure and Other Financing Uses	\$13,657,322	\$15,500,000	\$17,242,032	\$19,055,257	\$21,466,303	\$24,136,471
Excess Rev & Other Financing Sources over(under) Exp & Other Financing	\$ 731,026	\$ 156,521	\$ 74	\$ 2,571	\$ 15,832	\$(1,933,533)
Beginning Cash Balance	\$ 9,515,970	\$10,246,992	\$10,403,515	\$10,403,588	\$10,406,159	\$10,421,991
Ending Cash Balance	\$10,246,992	\$10,403,515	\$10,403,588	\$10,406,159	\$10,421,991	\$ 8,488,458

(a) Numbers may not foot due to rounding.

(b) See **COVID-19 Pandemic**.

(c) Through October 1, 2025, the School District's financial results are positive relative to the 2026 forecast, and, were this trend to hold through the end of Fiscal Year 2026, the School District would finish Fiscal Year 2026 with an ending fund balance in excess of that forecasted.

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APPENDIX B-1

Financial Report (Cash Basis All-Funds Summary) for Fiscal Year 2024(a)(b)

DESCRIPTION	BEGINNING BALANCE	RECEIPTS	EXPENDITURES	ENDING BALANCE
General Fund	\$10,403,587	\$19,057,828	19,055,257	\$10,406,159
Local Grants	145,835	221,700	110,405	257,130
Adult Basic Ed.	(5,191)(c)	299,238	315,658	(21,611)(c)
Carl D. Perkins Grant	0	570,360	569,860	500
Permanent Improvement	2,063,459	3,511,327	4,584,392	990,394
Uniform School Supplies	23,116	40,163	50,162	13,117
Customer Service	151,375	530,663	570,725	111,313
Adult Education	1,676,999	2,662,826	3,598,975	740,851
Special Trust	10,063	(2,092)	3,904	4,068
District Agency Funds	0	1,018,398	1,018,398	0
Student Managed Activity Funds	1,865	0	1,865	0
District Managed Activity Funds	34,929	46,587	33,381	48,136
Workman's Compensation Self Ins.	46,801	31,432	27,844	50,389
Termination Benefits	191,528	370,000	286,404	275,125
OFCC CT Construction Fund	0	2,773,745	114,687	2,659,059
Misc. State Grants	5,172	391,692	268,855	128,009
Misc. Federal Grants	0	214,166	214,166	0
Total	\$14,523,081	\$31,738,033	\$30,824,938	\$15,662,639

(a) Figures may not foot due to rounding.

(b) See **COVID-19 Pandemic**.

(c) Section 3315.20 of the Revised Code provides that a school district may have deficit in any special fund of the school district, but only if all of the following conditions are satisfied:

- The school district has a request for payment pending with the state sufficient to cover the amount of the deficit.
- There is a reasonable likelihood that the payment will be made.
- The unspent and unencumbered balance in the school district's general fund is greater than the aggregate of deficit amount in all of the school district's special funds.

APPENDIX B-2

Financial Report (Cash Basis All-Funds Summary) for Fiscal Year 2025(a)(b)

DESCRIPTION	BEGINNING BALANCE	RECEIPTS	EXPENDITURES	ENDING BALANCE
General Fund	\$10,406,159	\$21,482,136	\$21,466,302	\$10,421,991
Local Grants	257,130	72,709	238,805	91,034
Adult Basic Ed.	(21,611)(c)	390,897	389,571	(20,284)(c)
Carl D. Perkins Grant	500	590,019	590,519	0
Permanent Improvement	990,394	3,594,164	3,243,503	1,341,055
Uniform School Supplies	13,117	33,929	44,435	2,611
Customer Service	111,313	599,882	586,198	124,998
Adult Education	740,851	3,799,736	4,126,370	414,217
Special Trust	4,068	18	2,977	1,109
District Agency Funds	0	1,671,205	1,671,205	0
District Managed Activity Funds	48,136	53,5560	46,556	55,1361
Workman's Compensation Self Ins.	50,389	24,945	25,188	50,145
Termination Benefits	275,125	100,000	294,302	80,823
OFCC CT Construction Fund	2,659,059	8,321,236	2,566,032	8,142,263
Misc. State Grants	128,009	148,047	231,758	0
Total	\$15,662,639	\$40,882,478	\$35,523,720	\$21,021,394

(a) Figures may not foot due to rounding.

(b) See **COVID-19 Pandemic**.

(c) Section 3315.20 of the Revised Code provides that a school district may have deficit in any special fund of the school district, but only if all of the following conditions are satisfied:

- The school district has a request for payment pending with the state sufficient to cover the amount of the deficit.
- There is a reasonable likelihood that the payment will be made.
- The unspent and unencumbered balance in the school district's general fund is greater than the aggregate of deficit amount in all of the school district's special funds.

APPENDIX C

Audited Basic Financial Statements from the School District's Financial Report for Fiscal Year 2024

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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Polaris Career Center, Cuyahoga County, Ohio (the Center), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Polaris Career Center, Cuyahoga County, Ohio as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2025, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 24, 2025

**POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	\$ 14,757,753	\$ 865,280	\$ 15,623,033
Receivables:			
Property taxes	15,054,984	-	15,054,984
Payment in lieu of taxes	305,236	-	305,236
Accounts	-	62,186	62,186
Accrued interest	71,265	-	71,265
Intergovernmental	27,920	-	27,920
Prepayments	77,414	-	77,414
Materials and supplies inventory	32,985	-	32,985
Inventory held for resale	-	1,425	1,425
Net OPEB asset	972,946	109,790	1,082,736
Capital assets:			
Nondepreciable capital assets	622,670	-	622,670
Depreciable capital assets, net	43,384,472	2,003,639	45,388,111
Capital assets, net	44,007,142	2,003,639	46,010,781
Total assets	<u>75,307,645</u>	<u>3,042,320</u>	<u>78,349,965</u>
Deferred outflows of resources:			
Pension	3,584,074	721,307	4,305,381
OPEB	829,306	176,247	1,005,553
Total deferred outflows of resources	<u>4,413,380</u>	<u>897,554</u>	<u>5,310,934</u>
Liabilities:			
Accounts payable	189,174	8,448	197,622
Contracts payable	246,494	510,207	756,701
Accrued wages and benefits payable	1,251,271	135,371	1,386,642
Intergovernmental payable	195,670	28,953	224,623
Accrued interest payable	336,268	-	336,268
Unearned revenue	2,413,064	-	2,413,064
Long-term liabilities:			
Due within one year	1,567,149	52,874	1,620,023
Due in more than one year:			
Net pension liability	15,582,708	2,210,908	17,793,616
Net OPEB liability	1,329,561	275,124	1,604,685
Other amounts due in more than one year	45,934,213	47,107	45,981,320
Total liabilities	<u>69,045,572</u>	<u>3,268,992</u>	<u>72,314,564</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	13,189,939	-	13,189,939
Payment in lieu of taxes levied for the next fiscal year	305,236	-	305,236
Pension	1,208,077	288,097	1,496,174
OPEB	1,987,998	393,715	2,381,713
Total deferred inflows of resources	<u>16,691,250</u>	<u>681,812</u>	<u>17,373,062</u>
Net position:			
Net investment in capital assets	(341,409)	1,493,432	1,152,023
Restricted for:			
Capital projects	1,455,164	-	1,455,164
OPEB	972,946	109,790	1,082,736
State funded programs	58,700	-	58,700
Student activities	43,001	-	43,001
Other purposes	231,793	-	231,793
Unrestricted (deficit)	(8,435,992)	(1,614,152)	(10,050,144)
Total net position (deficit)	<u>\$ (6,015,797)</u>	<u>\$ (10,930)</u>	<u>\$ (6,026,727)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction:				
Regular	\$ 169,602	\$ -	\$ 268,686	\$ -
Vocational	9,042,524	22,812	2,242,338	-
Adult/continuing	322,773	-	457,362	-
Support services:				
Pupil	2,449,825	-	595,287	-
Instructional staff	2,744,124	-	490,429	-
Board of education	312,351	-	-	-
Administration	905,441	-	-	-
Fiscal	1,012,296	-	-	-
Operations and maintenance	2,380,889	-	-	361,181
Pupil transportation	271,836	-	-	-
Central	932,909	-	-	-
Operation of non-instructional services:				
Other non-instructional services	444,305	-	-	-
Extracurricular activities	116,593	46,587	-	-
Interest and fiscal charges	1,929,328	-	-	-
Total governmental activities	23,034,796	69,399	4,054,102	361,181
Business-type activities:				
Uniform school supplies	50,162	40,163	-	-
Customer services	544,760	503,879	-	-
Adult education	2,994,805	2,082,932	599,642	-
Total business-type activities	3,589,727	2,626,974	599,642	-
Totals	\$ 26,624,523	\$ 2,696,373	\$ 4,653,744	\$ 361,181

General revenues:

Property taxes levied for:

 General purposes

 Capital outlay

Payments in lieu of taxes

Grants and entitlements not restricted
 to specific programs

Investment earnings

Increase in fair value of investments

Miscellaneous

Total general revenues

Change in net position

Net position (deficit) at beginning of year

Net position (deficit) at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ 99,084	\$ -	\$ 99,084
(6,777,374)	-	(6,777,374)
134,589	-	134,589
(1,854,538)	-	(1,854,538)
(2,253,695)	-	(2,253,695)
(312,351)	-	(312,351)
(905,441)	-	(905,441)
(1,012,296)	-	(1,012,296)
(2,019,708)	-	(2,019,708)
(271,836)	-	(271,836)
(932,909)	-	(932,909)
(444,305)	-	(444,305)
(70,006)	-	(70,006)
(1,929,328)	-	(1,929,328)
(18,550,114)	-	(18,550,114)
-	(9,999)	(9,999)
-	(40,881)	(40,881)
-	(312,231)	(312,231)
-	(363,111)	(363,111)
(18,550,114)	(363,111)	(18,913,225)
11,197,847	-	11,197,847
3,294,857	-	3,294,857
263,348	-	263,348
4,579,937	-	4,579,937
692,417	-	692,417
129,370	-	129,370
178,276	19	178,295
20,336,052	19	20,336,071
1,785,938	(363,092)	1,422,846
(7,801,735)	352,162	(7,449,573)
\$ (6,015,797)	\$ (10,930)	\$ (6,026,727)

**POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General	Permanent Improvement	Career Technical Construction	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	\$ 9,412,179	\$ 990,395	\$ 2,659,058	\$ 437,063	\$ 13,498,695
Receivables:					
Property taxes	11,569,595	3,485,389	-	-	15,054,984
Payment in lieu of taxes	305,236	-	-	-	305,236
Accrued interest	71,265	-	-	-	71,265
Interfund loans	24,604	-	-	-	24,604
Intergovernmental	-	-	-	27,920	27,920
Prepayments	67,000	-	-	-	67,000
Materials and supplies inventory	32,985	-	-	-	32,985
Restricted assets:					
Equity in pooled cash and cash equivalents	1,208,670	-	-	-	1,208,670
Total assets	<u>\$ 22,691,534</u>	<u>\$ 4,475,784</u>	<u>\$ 2,659,058</u>	<u>\$ 464,983</u>	<u>\$ 30,291,359</u>
Liabilities:					
Accounts payable	\$ 80,975	\$ 4,349	\$ -	\$ 103,850	\$ 189,174
Contracts payable	-	-	246,494	-	246,494
Accrued wages and benefits payable	1,248,399	-	-	2,872	1,251,271
Compensated absences payable	39,141	-	-	-	39,141
Intergovernmental payable	195,226	-	-	444	195,670
Interfund loans payable	-	-	-	24,604	24,604
Unearned revenue	-	-	2,412,564	500	2,413,064
Total liabilities	<u>1,563,741</u>	<u>4,349</u>	<u>2,659,058</u>	<u>132,270</u>	<u>4,359,418</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	10,135,788	3,054,151	-	-	13,189,939
Payment in lieu of taxes levied for the next fiscal year	305,236	-	-	-	305,236
Delinquent property tax revenue not available	463,640	139,674	-	-	603,314
Total deferred inflows of resources	<u>10,904,664</u>	<u>3,193,825</u>	<u>-</u>	<u>-</u>	<u>14,098,489</u>
Fund balances:					
Nonspendable:					
Materials and supplies inventory	32,985	-	-	-	32,985
Prepays	67,000	-	-	-	67,000
Unclaimed funds	781	-	-	-	781
Restricted:					
Capital improvements	1,208,670	397,451	-	-	1,606,121
State funded programs	-	-	-	58,700	58,700
Extracurricular	-	-	-	43,001	43,001
Other purposes	-	-	-	231,012	231,012
Committed:					
Termination benefits	235,984	-	-	-	235,984
Assigned:					
Student instruction	12,661	-	-	-	12,661
Student and staff support	57,222	-	-	-	57,222
Extracurricular activities	6,030	-	-	-	6,030
Facilities acquisition and construction	766	-	-	-	766
Subsequent year's appropriations	325,559	-	-	-	325,559
Operation of non instructional	8,071	-	-	-	8,071
Capital improvements	-	880,159	-	-	880,159
Unassigned	<u>8,267,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,267,400</u>
Total fund balances	<u>10,223,129</u>	<u>1,277,610</u>	<u>-</u>	<u>332,713</u>	<u>11,833,452</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 22,691,534</u>	<u>\$ 4,475,784</u>	<u>\$ 2,659,058</u>	<u>\$ 464,983</u>	<u>\$ 30,291,359</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2024

Total governmental fund balances		\$ 11,833,452
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		44,007,142
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 603,314	
Total		603,314
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		60,802
Unamortized premiums on bonds issued are not recognized in the funds.		(2,355,635)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(336,268)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	3,584,074	
Deferred inflows - pension	(1,208,077)	
Net pension liability	(15,582,708)	
Deferred outflows - OPEB	829,306	
Deferred inflows - OPEB	(1,987,998)	
Net OPEB asset	972,946	
Net OPEB liability	(1,329,561)	
Total		(14,722,018)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
SBITA payable	(9,073)	
Lease payable	(17,984)	
Compensated absences	(1,004,529)	
Certificates of participation	(44,075,000)	
Total		(45,106,586)
Net position (deficit) of governmental activities		<u><u>\$ (6,015,797)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General	Permanent Improvement	Career Technical Construction	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 11,192,907	\$ 3,293,539	\$ -	\$ -	\$ 14,486,446
Intergovernmental	6,864,424	59,136	361,181	1,488,783	8,773,524
Investment earnings	650,740	41,677	-	-	692,417
Tuition and fees	22,812	-	-	-	22,812
Extracurricular	-	-	-	46,587	46,587
Contributions and donations	-	-	-	221,700	221,700
Payment in lieu of taxes	263,348	-	-	-	263,348
Miscellaneous	92,975	85,301	-	-	178,276
Increase in fair value of investments	129,370	-	-	-	129,370
Total revenues	<u>19,216,576</u>	<u>3,479,653</u>	<u>361,181</u>	<u>1,757,070</u>	<u>24,814,480</u>
Expenditures:					
Current:					
Instruction:					
Regular	6,895	-	-	181,476	188,371
Vocational	7,821,089	12,262	-	-	7,833,351
Adult/continuing	2,919	-	-	414,572	417,491
Support services:					
Pupil	2,014,376	-	-	477,641	2,492,017
Instructional staff	2,500,022	-	-	473,332	2,973,354
Board of education	320,155	-	-	-	320,155
Administration	977,630	-	-	-	977,630
Fiscal	980,002	42,511	-	-	1,022,513
Operations and maintenance	2,272,671	74,316	-	-	2,346,987
Pupil transportation	239,138	-	-	-	239,138
Central	966,222	-	-	-	966,222
Operation of non-instructional services:					
Other non-instructional services	452,157	-	-	-	452,157
Extracurricular activities	77,350	-	-	39,762	117,112
Facilities acquisition and construction	304,054	1,117,827	361,181	-	1,783,062
Debt service:					
Principal retirement	25,689	1,045,000	-	-	1,070,689
Interest and fiscal charges	1,658	2,042,313	-	-	2,043,971
Total expenditures	<u>18,962,027</u>	<u>4,334,229</u>	<u>361,181</u>	<u>1,586,783</u>	<u>25,244,220</u>
Excess of revenues over (under) expenditures	<u>254,549</u>	<u>(854,576)</u>	<u>-</u>	<u>170,287</u>	<u>(429,740)</u>
Other financing sources (uses):					
Transfers in	-	30,000	-	-	30,000
Transfers (out)	(30,000)	-	-	-	(30,000)
Total other financing sources (uses)	<u>(30,000)</u>	<u>30,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	224,549	(824,576)	-	170,287	(429,740)
Fund balances at beginning of year	<u>9,998,580</u>	<u>2,102,186</u>	<u>-</u>	<u>162,426</u>	<u>12,263,192</u>
Fund balances at end of year	<u>\$ 10,223,129</u>	<u>\$ 1,277,610</u>	<u>\$ -</u>	<u>\$ 332,713</u>	<u>\$ 11,833,452</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Net change in fund balances - total governmental funds	\$	(429,740)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 2,244,126	
Current year depreciation/amortization	<u>(1,984,440)</u>	
Total		259,686
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	6,258	
Intergovernmental	<u>(4)</u>	
Total		6,254
Repayment of bond, lease, and SBITA principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		1,070,689
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	9,167	
Amortization of bond premiums	<u>105,476</u>	
Total		114,643
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,552,502	
OPEB	<u>15,668</u>	
Total		1,568,170
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,231,604)	
OPEB	<u>221,829</u>	
Total		(1,009,775)
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.		
		202,631
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		3,380
Change in net position of governmental activities	\$	<u>1,785,938</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Adult and Community Education	Nonmajor Enterprise Funds	Total Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
Assets:				
Current assets:				
Equity in pooled cash and investments	\$ 740,850	\$ 124,430	\$ 865,280	\$ 50,388
Receivables:				
Accounts	62,186	-	62,186	-
Prepayments	-	-	-	10,414
Inventory held for resale	-	1,425	1,425	-
Total current assets	<u>803,036</u>	<u>125,855</u>	<u>928,891</u>	<u>60,802</u>
Noncurrent assets:				
Net OPEB asset	102,968	6,822	109,790	-
Depreciable capital assets, net	1,990,072	13,567	2,003,639	-
Total noncurrent assets	<u>2,093,040</u>	<u>20,389</u>	<u>2,113,429</u>	<u>-</u>
Total assets	<u>2,896,076</u>	<u>146,244</u>	<u>3,042,320</u>	<u>60,802</u>
Deferred outflows of resources:				
Pension	656,850	64,457	721,307	-
OPEB	168,641	7,606	176,247	-
Total deferred outflows of resources	<u>825,491</u>	<u>72,063</u>	<u>897,554</u>	<u>-</u>
Liabilities:				
Current liabilities:				
Accounts payable	8,448	-	8,448	-
Accrued wages and benefits	133,597	1,774	135,371	-
Compensated absences	52,874	-	52,874	-
Intergovernmental payable	28,927	26	28,953	-
Contracts payable	510,207	-	510,207	-
Total current liabilities	<u>734,053</u>	<u>1,800</u>	<u>735,853</u>	<u>-</u>
Long-term liabilities:				
Compensated absences payable	47,107	-	47,107	-
Net pension liability	2,120,461	90,447	2,210,908	-
Net OPEB liability	271,002	4,122	275,124	-
Total long-term liabilities	<u>2,438,570</u>	<u>94,569</u>	<u>2,533,139</u>	<u>-</u>
Total liabilities	<u>3,172,623</u>	<u>96,369</u>	<u>3,268,992</u>	<u>-</u>
Deferred inflows of resources:				
Pension	282,811	5,286	288,097	-
OPEB	383,074	10,641	393,715	-
Total deferred inflows of resources	<u>665,885</u>	<u>15,927</u>	<u>681,812</u>	<u>-</u>
Net position:				
Investment in capital assets	1,479,865	13,567	1,493,432	-
OPEB	102,968	6,822	109,790	-
Unrestricted (deficit)	<u>(1,699,774)</u>	<u>85,622</u>	<u>(1,614,152)</u>	<u>60,802</u>
Total net position (deficit)	<u>\$ (116,941)</u>	<u>\$ 106,011</u>	<u>\$ (10,930)</u>	<u>\$ 60,802</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Adult and Community Education	Nonmajor Enterprise Funds	Total Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
Operating revenues:				
Tuition and fees	\$ 2,082,932	\$ -	\$ 2,082,932	\$ -
Charges for services	-	544,042	544,042	31,432
Other	19	-	19	-
Total operating revenues	<u>2,082,951</u>	<u>544,042</u>	<u>2,626,993</u>	<u>31,432</u>
Operating expenses:				
Personal services	1,999,386	82,482	2,081,868	28,052
Purchased services	449,347	33,386	482,733	-
Materials and supplies	449,448	472,128	921,576	-
Other	26,049	5,418	31,467	-
Depreciation	70,575	1,508	72,083	-
Total operating expenses	<u>2,994,805</u>	<u>594,922</u>	<u>3,589,727</u>	<u>28,052</u>
Operating income (loss)	<u>(911,854)</u>	<u>(50,880)</u>	<u>(962,734)</u>	<u>3,380</u>
Nonoperating revenues:				
Federal and State subsidies	<u>599,642</u>	<u>-</u>	<u>599,642</u>	<u>-</u>
Change in net position	(312,212)	(50,880)	(363,092)	3,380
Net position at beginning of year	<u>195,271</u>	<u>156,891</u>	<u>352,162</u>	<u>57,422</u>
Net position (deficit) at end of year	<u>\$ (116,941)</u>	<u>\$ 106,011</u>	<u>\$ (10,930)</u>	<u>\$ 60,802</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Adult and Community Education	Nonmajor Enterprise Funds	Total Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
Cash flows from operating activities:				
Cash received from customers	\$ 2,063,166	\$ 544,042	\$ 2,607,208	\$ -
Cash received from sales/charges for services	-	-	-	31,432
Cash received from other operations	19	-	19	-
Cash payments for personal services	(2,145,883)	(65,365)	(2,211,248)	(27,844)
Cash payments for purchased services	(454,224)	(33,386)	(487,610)	-
Cash payments for materials and supplies	(445,253)	(474,859)	(920,112)	-
Cash payments for other expenses	(26,049)	(5,418)	(31,467)	-
Net cash provided by (used in) operating activities	(1,008,224)	(34,986)	(1,043,210)	3,588
Cash flows from noncapital financing activities:				
Cash received from federal and state subsidies	599,642	-	599,642	-
Net cash provided by noncapital financing activities	599,642	-	599,642	-
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(527,567)	(15,075)	(542,642)	-
Net cash used in capital and related financing activities	(527,567)	(15,075)	(542,642)	-
Net increase (decrease) in cash and cash equivalents	(936,149)	(50,061)	(986,210)	3,588
Cash and cash equivalents at beginning of year	1,676,999	174,491	1,851,490	46,800
Cash and cash equivalents at end of year	<u>\$ 740,850</u>	<u>\$ 124,430</u>	<u>\$ 865,280</u>	<u>\$ 50,388</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (911,854)	\$ (50,880)	\$ (962,734)	\$ 3,380
Adjustments:				
Depreciation	70,575	1,508	72,083	-
Changes in assets and liabilities:				
(Increase) in accounts receivable	(19,766)	-	(19,766)	-
Decrease in prepayments	-	-	-	208
(Increase) in inventory held for resale	-	(250)	(250)	-
(Decrease) in accounts payable	(682)	(2,481)	(3,163)	-
Increase in accrued wages and benefits	22,686	169	22,855	-
(Increase) decrease in net OPEB asset	13,992	(695)	13,297	-
Increase in net pension liability	294,453	23,906	318,359	-
Increase in net OPEB liability	72,967	763	73,730	-
(Increase) in deferred outflows - pensions	(207,639)	(5,912)	(213,551)	-
(Increase) in deferred outflows - OPEB	(114,938)	(672)	(115,610)	-
(Decrease) in deferred inflows - pensions	(209,828)	(232)	(210,060)	-
(Decrease) in deferred inflows - OPEB	(45,245)	(213)	(45,458)	-
Increase in due to other governments	7,283	3	7,286	-
Increase in compensated absences payable	19,772	-	19,772	-
Net cash provided by (used in) operating activities	<u>\$ (1,008,224)</u>	<u>\$ (34,986)</u>	<u>\$ (1,043,210)</u>	<u>\$ 3,588</u>

Non-Cash Transactions:

During 2024, the Adult and Community Education fund received \$510,207 in contributed capital assets

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - DESCRIPTION OF THE CAREER CENTER

The Polaris Career Center (the “Center”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The Center is a joint vocational district as defined by Section 3311.18 of the Ohio Revised Code. The Center operates under a Board of Education consisting of seven members which is comprised of one board member from each of the elected boards of the participating districts. Members serve a two-year term except for one rotating member picked by the member districts to serve a one-year term. Berea City School District, Brooklyn City School District, Fairview Park City School District, North Olmsted City School District, Olmsted Falls City School District, and Strongsville City School District are the member districts. The Center employs 10 administrative and supervisory personnel, 57 certified employees and 49 non-certificated employees who provide services to 4,343 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

**POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

JOINTLY GOVERNED ORGANIZATIONS

Connect

Connect, formerly known as the North Coast Council, is a jointly governed organization serving twenty-four school districts and two educational service centers. Connect was organized pursuant to Ohio Revised Code Chapter 167 as a regional council of governments for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among the member districts. Connect operates as an information technology center pursuant to ORC 3301.075. Each of the governments of these schools supports Connect based on a per pupil charge dependent upon the software packages used. The Center contributed \$18,981 to Connect during fiscal year 2024. Connect is governed by a four-member Board of Directors consisting of the Superintendent of the Educational Service Center of Cuyahoga County, the Superintendent of the Educational Service Center of Lorain County, the Superintendent of the Educational Service Center of Medina County, and the Executive Director of the Ohio Schools Council. Financial information can be obtained by contacting the Treasurer at the Cuyahoga County Educational Service Center, who serves as fiscal agent, at 5700 West Canal Road, Valley View, Ohio 44125.

Ohio Schools Council Association

The Ohio Schools' Council Association (Council) is a jointly governed organization among 247 school districts, educational service centers, joint vocational districts, and Developmental Disabilities boards in 34 Ohio counties. The jointly governed organization was formed to bring quality products and services at the lowest possible cost to the member districts. The Council's Board consists of seven superintendents of the participating districts whose terms rotate every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2024, the Center paid \$68,299 to the Council for annual membership, fees and services. Financial information can be obtained by contacting William J. Zelei, the Executive Director of the Ohio Schools' Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

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

PUBLIC ENTITY RISK POOLS

Suburban Health Consortium

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

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

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

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

Ohio School Boards Association Workers' Compensation Group Rating Program

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

**POLARIS CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

Career Technical Construction Fund - The career technical construction fund accounts for grant monies received through the Ohio Facilities Construction Commission (OFCC) to assist with facilities construction projects that support establishing or expanding career-technical education programs under OFCC's Career Technical Construction Program.

Other governmental funds of the Center are used to account for:

Nonmajor special revenue funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

PROPRIETARY FUNDS

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

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

FIDUCIARY FUNDS

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

C. Basis of Presentation

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

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

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

D. Measurement Focus

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

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

**POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

E. Basis of Accounting

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

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

Non-exchange transactions, in which the Center receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 14 and 15 for deferred outflows of resources related to net pension liability and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance fiscal year 2025 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

See Notes 14 and 15 for deferred inflows of resources related to net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

F. Cash and Investments

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

During fiscal year 2024, the Center's investments included negotiable certificates of deposit (negotiable CDs), a U.S. Government money market mutual fund, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal Farm Credit Bank (FFCB) securities, U.S. Treasury Notes, commercial paper, and investments in the State Asset Treasury Reserve of Ohio (STAR Ohio). Except for investments in STAR Ohio, investments are reported at fair value which is based on quoted market prices.

During fiscal year 2024, the Center invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The Center measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours notice in advance of all deposits and withdrawals exceeding \$100 million is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2024 amounted to \$650,740, which includes \$166,152 assigned from other Center funds.

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

G. Inventory

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

H. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepayments using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets and Depreciation

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The Center maintains a capitalization threshold of \$5,000. The Center does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

J. Interfund Activity

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

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

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

K. Interfund Balances

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

L. Compensated Absences

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

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

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

M. Accrued Liabilities and Long-Term Obligations

All accrued liabilities and long-term debt are reported in the government-wide financial statements as well as the proprietary fund financial statements. For governmental fund financial statements, the accrued liabilities are generally reported as a governmental fund liability if due for payment as of the balance sheet date regardless of whether they will be liquidated with current financial resources. However, claims for judgments and compensated absences paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Long-term certificates of participation are recognized as a liability on the fund financial statements.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

N. Net Position

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

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

O. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the Center Board of Education. In the general fund, assigned amounts represents intended uses established by the Center Board of Education or by State statute. The Center’s Board of Education has authorized the Treasurer to assign fund balance for purchases on order, provided such amounts have been lawfully appropriated.

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

**POLARIS CAREER CENTER
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

P. Operating Revenues and Expenses

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

Q. Budgetary Process

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

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

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

R. Encumbrances

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

S. Pensions/Other Postemployment Benefits (OPEB)

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

T. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2024.

U. Estimates

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

V. Fair Value Measurements

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

W. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2024, the Center has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*", GASB Statement No. 100, "*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*" and Implementation Guide No. 2023-1.

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

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

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

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the Center.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the Center.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

A. Cash on Hand

At June 30, 2024, the Center had \$2,070 in undeposited cash on hand which is included on the financial statements as part of "equity in pooled cash and investments".

B. Deposits with Financial Institutions

At June 30, 2024, the carrying amount of all Center deposits was \$208,562 and the bank balance of all Center deposits was \$670,474. Of the bank balance, \$251,271 was covered by the FDIC, \$209,602 was covered by the Ohio Pooled Collateral System, and \$209,601 was exposed to custodial credit risk discussed below because those deposits were uninsured and uncollateralized.

**POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Center has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the Center and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2024, the one of the Center's financial institutions was approved for a reduced collateral rate of 50 percent through the OPCS and one of the Center's financial institutions was approved for a collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Center to a successful claim by the FDIC.

C. Investments

As of June 30, 2024, the Center had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement Value	<u>Investment Maturities</u>				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater Than 24 months
<i>Fair Value:</i>						
U.S. Treasury Notes	\$ 348,090	\$ -	\$ -	\$ 248,477	\$ -	\$ 99,613
FHLB	1,758,442	395,157	-	-	249,556	1,113,729
FHLMC	264,877	-	-	264,877	-	-
FFCB	397,819	-	247,845	-	-	149,974
Negotiable CDs	7,117,611	1,970,901	907,608	1,309,475	1,855,414	1,074,213
Commercial paper	1,921,627	1,436,381	485,246	-	-	-
U.S. Government Money						
Market Mutual Fund	10,726	10,726	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	3,593,209	3,593,209	-	-	-	-
Total	\$ 15,412,401	\$ 7,406,374	\$ 1,640,699	\$ 1,822,829	\$ 2,104,970	\$ 2,437,529

The weighted average maturity of investments is 1.04 years.

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

Interest Rate Risk: State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Center, and that an investment must be purchased with the expectation that it will be held to maturity. The Center's investment policy also states that the Center will not invest in any eligible security maturing more than two years from the date of settlement if it bears interest at a variable rate.

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CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Center will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities (FHLB, FHLMC, and FFCB) and U.S. Treasury notes, and commercial paper are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the Center's name. The Center has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The Center places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Center at June 30, 2024:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair Value:</i>		
U.S Treasury Notes	\$ 348,090	2.26
FHLB	1,758,442	11.41
FHLMC	264,877	1.72
FFCB	397,819	2.58
Negotiable CDs	7,117,611	46.18
Commercial paper	1,921,627	12.47
U.S. Government Money Market Mutual Fund	10,726	0.07
<i>Amortized Cost:</i>		
STAR Ohio	3,593,209	23.31
Total	<u>\$ 15,412,401</u>	<u>100.00</u>

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

The following is a reconciliation of cash and cash equivalents as reported in the note above to cash and cash equivalents as reported on the statement of net position as of June 30, 2024:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 208,562
Investments	15,412,401
Cash on hand	2,070
Total	<u>\$ 15,623,033</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 14,757,753
Business-type activities	865,280
Total	<u>\$ 15,623,033</u>

**POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 5 - RECEIVABLES

Receivables at June 30, 2024 consisted of property taxes, payments in lieu of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds.

A summary of the principal items of receivables reported on the statement of net position follows:

	Governmental activities	Business-type activities
Property taxes	\$ 15,054,984	\$ -
Payments in lieu of taxes	305,236	-
Accounts	-	62,186
Accrued interest	71,265	-
Intergovernmental	27,920	-
Total	<u>\$ 15,459,405</u>	<u>\$ 62,186</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year. At June 30, 2024 the Center's intergovernmental receivable consisted of \$24,407 in the ASPIRE instructional grants and \$3,513 in the Integrated English Literacy and Civics Education grants.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2024 represent the collection of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed values as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2024 represent the collection of calendar year 2023 taxes. Public utility real and personal property taxes received in calendar year 2024 became a lien on December 31, 2022, were levied after April 1, 2023, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 6 - PROPERTY TAXES - (Continued)

The Center receives property taxes from Cuyahoga and Lorain Counties. The County Fiscal Officer and County Auditor periodically advances to the Center its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024, are available to finance fiscal year 2024 operations. The amount available as an advance at June 30, 2024 and 2023 were:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Major governmental funds:		
General fund	\$ 970,167	\$ 975,716
Permanent improvement fund	291,564	293,238

The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable include real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2024 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

The assessed values upon which the fiscal year 2024 taxes were collected are:

	2023 Second Half Collections		2024 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 5,838,931,370	96.55	\$ 5,848,519,440	96.21
Public utility personal	<u>222,350,490</u>	<u>3.45</u>	<u>230,322,340</u>	<u>3.79</u>
Total	<u>\$ 6,061,281,860</u>	<u>100.00</u>	<u>\$ 6,078,841,780</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation				
General fund	\$ 2.40		\$ 2.40	
Permanent improvement	0.69		0.69	

**POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2024, was as follows:

	Balance 06/30/23	Additions	Deductions	Balance 06/30/24
Governmental activities:				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 261,490	\$ -	\$ -	\$ 261,490
CIP	527,840	841,662	(1,008,322)	361,180
Total capital assets, not being depreciated/amortized	789,330	841,662	(1,008,322)	622,670
<i>Capital assets, being depreciated/amortized:</i>				
Buildings and improvements	58,694,591	1,680,463	-	60,375,054
Furniture and equipment	4,420,679	495,862	-	4,916,541
Vehicles	381,200	234,461	-	615,661
Intangible right to use:				
SBITAs	128,862	-	-	128,862
Leased assets	83,897	-	-	83,897
Total capital assets, being depreciated/amortized	63,709,229	2,410,786	-	66,120,015
<i>Less: accumulated depreciation/amortization:</i>				
Buildings and improvements	(19,275,253)	(1,598,497)	-	(20,873,750)
Furniture and equipment	(1,260,319)	(285,075)	-	(1,545,394)
Vehicles	(162,507)	(38,120)	-	(200,627)
Intangible right to use:				
SBITAs	(8,279)	(40,375)	-	(48,654)
Leased assets	(44,745)	(22,373)	-	(67,118)
Total accumulated depreciation/amortization	(20,751,103)	(1,984,440)	-	(22,735,543)
Governmental activities capital assets, net	\$ 43,747,456	\$ 1,268,008	\$ (1,008,322)	\$ 44,007,142

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

Instruction:

Regular	\$ 1,937
Vocational	1,780,267

Support services:

Instructional staff	65,555
Fiscal	3,029
Operations and maintenance	93,781
Pupil transportation	32,698
Central	7,173

Total depreciation/amortization expense	\$ 1,984,440
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**POLARIS CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 7 - CAPITAL ASSETS - (Continued)

Capital asset activity for the business-type activities for the year ended June 30, 2024, was as follows:

	Balance <u>06/30/23</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/24</u>
Business-type activities:				
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	\$ 1,200,000	\$ 1,031,324	\$ -	\$ 2,231,324
Furniture and equipment	<u>25,415</u>	<u>21,525</u>	<u>-</u>	<u>46,940</u>
Total capital assets, being depreciated	<u>1,225,415</u>	<u>1,052,849</u>	<u>-</u>	<u>2,278,264</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(200,000)	(67,711)	-	(267,711)
Furniture and equipment	<u>(2,542)</u>	<u>(4,372)</u>	<u>-</u>	<u>(6,914)</u>
Total accumulated depreciation	<u>(202,542)</u>	<u>(72,083)</u>	<u>-</u>	<u>(274,625)</u>
Business-Type activities capital assets, net	<u>\$ 1,022,873</u>	<u>\$ 980,766</u>	<u>\$ -</u>	<u>\$ 2,003,639</u>

Depreciation expense was charged to the enterprise funds as follows:

Adult and Community Education	\$ 70,575
Customer Service	<u>1,508</u>
Total depreciation expense	<u>72,083</u>

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**POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 8 - LONG-TERM OBLIGATIONS

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

	Balance 06/30/23	Increase	Decrease	Balance 06/30/24	Due in One Year
<u>Governmental activities:</u>					
Lease payable	\$ 40,938	\$ -	\$ (22,954)	\$ 17,984	\$ 17,984
SBITA payable	11,808	-	(2,735)	9,073	2,875
Certificates of participation	45,120,000	-	(1,045,000)	44,075,000	1,100,000
Unamortized premium	2,461,111	-	(105,476)	2,355,635	-
Net pension liability:					
STRS	10,983,998	-	(210,824)	10,773,174	-
SERS	4,170,749	638,785	-	4,809,534	-
Total net pension liability	15,154,747	638,785	(210,824)	15,582,708	-
Net OPEB liability:					
SERS	1,004,964	324,597	-	1,329,561	-
Total net OPEB liability	1,004,964	324,597	-	1,329,561	-
Compensated absences	1,207,160	353,886	(517,376)	1,043,670	446,290
Total governmental activities	<u>\$ 65,000,728</u>	<u>\$ 1,317,268</u>	<u>\$ (1,904,365)</u>	<u>\$ 64,413,631</u>	<u>\$ 1,567,149</u>
<u>Business-type activities:</u>					
Compensated absences	\$ 80,209	\$ 60,361	\$ (40,589)	\$ 99,981	\$ 52,874
Net pension liability:					
STRS	1,056,733	158,943	-	1,215,676	-
SERS	835,816	159,416	-	995,232	-
Total net pension liability	1,892,549	318,359	-	2,210,908	-
Net OPEB liability:					
SERS	201,394	73,730	-	275,124	-
Total net OPEB liability	201,394	73,730	-	275,124	-
Total business-type activities	<u>\$ 2,174,152</u>	<u>\$ 452,450</u>	<u>\$ (40,589)</u>	<u>\$ 2,586,013</u>	<u>\$ 52,874</u>

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

See Note 14 for further information on the Center's net pension liability. The Center pays obligations related to employee compensation from the fund benefitting from their service.

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

**POLARIS CAREER CENTER
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

Certificates of Participation: On March 14, 2017, the Center issued \$47,100,000 in certificates of participation ("COPs") to finance the acquisition, construction and overall improvement and renovation of the Center's facility. As part of the official agreement, the Center's land and buildings are being ground leased to the Agricultural Incubator Foundation (the "Foundation"), who will then sublease the land and buildings back to the Center for a series of rental payments. These rental payments will pay for the debt service requirements on the COPs. The COPs were sold at a premium of \$3,120,337. The COPs premium was deposited into the permanent improvement fund and will be used for future debt service payments. The COPs bear interest rates ranging from 2.50% to 5.00%. Principal on the COPs is due each November 1, beginning November 1, 2021, through and including November 1, 2046. The Foundation has assigned all of its rights in the transaction to The Huntington National Bank (the "Trustee"), which is serving as the trustee for the COPs. The Center made \$1,045,000 in principal payments and made \$2,042,313 in interest payments in fiscal year 2024. These amounts will be reported as debt service expenditures in the permanent improvement fund.

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,100,000	\$ 1,988,688	\$ 3,088,688
2026	1,150,000	1,932,438	3,082,438
2027	1,200,000	1,873,688	3,073,688
2028	1,250,000	1,812,438	3,062,438
2029	1,325,000	1,748,063	3,073,063
2030 - 2034	7,650,000	7,689,434	15,339,434
2035 - 2039	9,625,000	5,662,030	15,287,030
2040 - 2044	12,160,000	3,091,100	15,251,100
2045 - 2047	8,615,000	525,900	9,140,900
Total	<u>\$ 44,075,000</u>	<u>\$ 26,323,779</u>	<u>\$ 70,398,779</u>

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

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

<u>Company</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Lake Business Products	2020	5	2025	Monthly

**POLARIS CAREER CENTER
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 17,984	\$ 376	\$ 18,360
Total	<u>\$ 17,984</u>	<u>\$ 376</u>	<u>\$ 18,360</u>

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

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

<u>SBITA</u>	<u>Commencement Date</u>	<u>Years</u>	<u>End Date</u>	<u>Payment Method</u>
Accounting software	2022	5	2027	Annual

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 2,875	\$ 464	\$ 3,339
2026	3,022	317	3,339
2027	<u>3,176</u>	<u>163</u>	<u>3,339</u>
Total	<u>\$ 9,073</u>	<u>\$ 944</u>	<u>\$ 10,017</u>

Legal Debt Margin: The Center's overall legal debt margin was \$547,095,760 with an unvoted debt margin of \$6,078,842 at June 30, 2024.

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NOTE 9 - SET-ASIDES

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

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

	Capital <u>Improvements</u>
Set-aside balance June 30, 2023	\$ -
Current year set-aside requirement	148,363
Current year qualifying expenditures	(148,363)
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2025	<u><u>\$ -</u></u>

On March 14, 2017, the Center issued \$47.1 million in Certificates of Participation (COPs) for the acquisition, construction, and overall improvement and renovation of the Center's facility. The proceeds from the issuance may be used to reduce the capital improvements set-aside amount to zero for future years. The Center is responsible for tracking the amount of COPs proceeds that may be used as an offset in future periods, which was \$47.1 million at June 30, 2024.

NOTE 10 - EMPLOYEE BENEFITS

A. Vacation Leave

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

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

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

B. Sick Leave

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

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NOTE 10 - EMPLOYEE BENEFITS - (Continued)

C. Retirement Severance Pay

Certified Employees

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

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

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

Classified Employees

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

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NOTE 11 - RISK MANAGEMENT

A. Property and Liability

The Center is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2024, the Center contracted with Wrights Specialty Insurance Company for the following insurance:

Type	Coverage
General Liability:	
Bodily Injury (Aggregate Limit)	\$ 3,000,000
General Annual Aggregate	3,000,000
Sexual Misconduct and Molestation Liability	1,000,000
Medical Expense Limit	5,000
Property	
Blanket Building and Contents	92,884,050
Automobile Liability:	
Hired and Non-owned Liability	1,000,000
Medical Payments	5,000
Uninsured/Underinsured Motorist	1,000,000

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

B. Bonding

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

C. Workers' Compensation

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

For fiscal year 2024, the Center participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A). The intent of the GRP is to achieve the benefit of a reduced premium for the Center by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers' compensation premium to the Ohio Bureau of Workers' Compensation based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control, and actuarial services to the GRP.

D. Employee Health Benefits

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 - RISK MANAGEMENT - (Continued)

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

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

NOTE 12 - CONTINGENCIES

A. Grants

The Center received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the Center at June 30, 2024 if applicable, cannot be determined at this time.

B. Litigation

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

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Career centers must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education and Workforce (ODEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the Center, which can extend past the fiscal year-end. As of the date of this report, ODEW has finalized the impact of enrollment adjustments to the June 30, 2024 Foundation funding for the Center, which did not result in any significant financial impact to the Center.

NOTE 13 - INTERFUND TRANSACTIONS

A. Interfund balances

Interfund loans receivable/payable consisted of the following at June 30, 2024, as reported on the fund statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	\$ <u>24,604</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - INTERFUND TRANSACTIONS - (Continued)

B. Transfers

Interfund transfers for the fiscal year ended June 30, 2024, consisted of the following, as reported on the fund statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Permanent improvement fund	<u>\$ 30,000</u>

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The remainder of this note includes the required pension disclosures. See Note 15 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2023, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2024.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the Center is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

The Center's contractually required contribution to SERS was \$628,487 for fiscal year 2024. Of this amount, \$32,330 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

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

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

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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 2024 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The Center's contractually required contribution to STRS was \$1,148,198 for fiscal year 2024. Of this amount, \$140,059 is reported as intergovernmental payable.

Net 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Center's proportion of the net pension liability was based on the Center's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.092563700%	0.054164030%	
Proportion of the net pension liability current measurement date	<u>0.105053800%</u>	<u>0.055671630%</u>	
Change in proportionate share	<u>0.012490100%</u>	<u>0.001507600%</u>	
Proportionate share of the net pension liability	\$ 5,804,766	\$ 11,988,850	\$ 17,793,616
Pension expense	\$ 723,569	\$ 626,968	\$ 1,350,537

At June 30, 2024, the Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 249,501	\$ 437,090	\$ 686,591
Changes of assumptions	41,118	987,348	1,028,466
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	557,218	256,421	813,639
Contributions subsequent to the measurement date	<u>628,487</u>	<u>1,148,198</u>	<u>1,776,685</u>
Total deferred outflows of resources	<u>\$ 1,476,324</u>	<u>\$ 2,829,057</u>	<u>\$ 4,305,381</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 26,601	\$ 26,601
Net difference between projected and actual earnings on pension plan investments	81,590	35,933	117,523
Changes of assumptions	-	743,189	743,189
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	608,861	608,861
Total deferred inflows of resources	<u>\$ 81,590</u>	<u>\$ 1,414,584</u>	<u>\$ 1,496,174</u>

\$1,776,685 reported as deferred outflows of resources related to pension resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	\$ 290,438	\$ (355,964)	\$ (65,526)
2026	(33,881)	(612,555)	(646,436)
2027	505,363	1,244,953	1,750,316
2028	<u>4,327</u>	<u>(10,159)</u>	<u>(5,832)</u>
Total	<u>\$ 766,247</u>	<u>\$ 266,275</u>	<u>\$ 1,032,522</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 terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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

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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023 and June 30, 2022, are presented below:

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

In 2023, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. Ohio Revised Code Section 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

Discount Rate - Total pension liability was calculated using the discount rate of 7.00%. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14%. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return, 7.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90%.

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

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net pension liability	\$ 8,567,534	\$ 5,804,766	\$ 3,477,655

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 and June 30, 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2023 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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

* Final target weights reflected at October 1, 2022.

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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net pension liability	\$ 18,436,199	\$ 11,988,850	\$ 6,536,158

Assumption and Benefit Changes Since the Prior Measurement Date - The discount rate remained at 7.00% for June 30, 2023 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 14 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the Center's surcharge obligation was \$18,910.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Center's contractually required contribution to SERS was \$18,910 for fiscal year 2024. Of this amount, \$18,910 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2023, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The Center's proportion of the net OPEB liability/asset was based on the Center's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.085922300%	0.054164030%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.097404500%</u>	<u>0.055671630%</u>	
Change in proportionate share	<u>0.011482200%</u>	<u>0.001507600%</u>	
Proportionate share of the net OPEB liability	\$ 1,604,685	\$ -	\$ 1,604,685
Proportionate share of the net OPEB asset	\$ -	\$ (1,082,736)	\$ (1,082,736)
OPEB expense	\$ (239,061)	\$ (53,566)	\$ (292,627)

At June 30, 2024, the Center reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 3,347	\$ 1,689	\$ 5,036
Net difference between projected and actual earnings on OPEB plan investments	12,437	1,933	14,370
Changes of assumptions	542,590	159,503	702,093
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	243,981	21,163	265,144
Contributions subsequent to the measurement date	<u>18,910</u>	<u>-</u>	<u>18,910</u>
Total deferred outflows of resources	<u>\$ 821,265</u>	<u>\$ 184,288</u>	<u>\$ 1,005,553</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 827,599	\$ 165,150	\$ 992,749
Changes of assumptions	455,748	714,376	1,170,124
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>198,013</u>	<u>20,827</u>	<u>218,840</u>
Total deferred inflows of resources	<u>\$ 1,481,360</u>	<u>\$ 900,353</u>	<u>\$ 2,381,713</u>

\$18,910 reported as deferred outflows of resources related to OPEB resulting from Center contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2025.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2025	\$ (301,102)	\$ (312,808)	\$ (613,910)
2026	(248,567)	(147,078)	(395,645)
2027	(138,841)	(56,449)	(195,290)
2028	(66,332)	(76,149)	(142,481)
2029	(26,633)	(69,544)	(96,177)
Thereafter	102,470	(54,037)	48,433
Total	<u>\$ (679,005)</u>	<u>\$ (716,065)</u>	<u>\$ (1,395,070)</u>

Actuarial Assumptions - SERS

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

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

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

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NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023 and June 30, 2022 are presented below:

Wage inflation:

Current measurement date	2.40%
Prior measurement date	2.40%

Future salary increases, including inflation:

Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%

Investment rate of return:

Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation

Municipal bond index rate:

Current measurement date	3.86%
Prior measurement date	3.69%

Single equivalent interest rate, net of plan investment expense,
including price inflation:

Current measurement date	4.27%
Prior measurement date	4.08%

Medical trend assumption:

Current measurement date	6.75 to 4.40%
Prior measurement date	7.00 to 4.40%

In 2023, the following mortality assumptions were used:

Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.

Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

Mortality Projection - Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. 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 long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27%. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022 and the June 30, 2023 total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86% at June 30, 2023 and 3.69% at June 30, 2022.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the Center's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
Center's proportionate share of the net OPEB liability	\$ 2,051,247	\$ 1,604,685	\$ 1,252,554
	1% Decrease	Current Trend Rate	1% Increase
Center's proportionate share of the net OPEB liability	\$ 1,178,907	\$ 1,604,685	\$ 2,168,900

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 actuarial valuation, compared with June 30, 2022 actuarial valuation, are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%
Discount rate of return	7.00%	7.00%
Blended discount rate of return	N/A	N/A
Health care cost trends		
	Initial	Ultimate
Medical		
Pre-Medicare	7.50%	4.14%
Medicare	-10.94%	4.14%
Prescription Drug		
Pre-Medicare	-11.95%	4.14%
Medicare	1.33%	4.14%

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

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NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

For the June 30, 2023 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2023 valuation.

Benefit Term Changes Since the Prior Measurement Date - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

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

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

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the Center's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Center's proportionate share of the net OPEB asset	\$ 916,395	\$ 1,082,736	\$ 1,227,602
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Center's proportionate share of the net OPEB asset	\$ 1,234,325	\$ 1,082,736	\$ 900,151

NOTE 16 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 84,751
Permanent improvement	12,899
Career technical construction	616,259
Nonmajor governmental	<u>863,126</u>
Total	<u>\$ 1,577,035</u>

NOTE 17 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Other governments entered into property tax abatement agreements with property owners under Enterprise Zone Agreements ("EZAs") and the Ohio Community Reinvestment Area ("CRA") program with the taxing districts of the Center. The EZAs and CRA program are directive incentive tax exemption programs benefiting property owners who renovate or construct new buildings. Under these programs, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Under these agreements, the Center's property taxes were reduced by \$130,040 property tax revenue.

NOTE 18 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2024, the Center received COVID-19 funding. The Center will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 19 – RELATED PARTY TRANSACTIONS

As noted in the Center's Schedule of Expenditures of Federal Awards, the Center participates in the Federal Pell Grant and Federal Direct Student Loan Programs, which are authorized under Title IV of the Higher Education Act. Under 34 C.F.R. Part 668, the U.S. Department of Education requires institutions participating in such programs to disclose all related party transactions in their audited financial statements. The disclosure should include a sufficient level of detail that would allow the Department to readily identify the related party(ies). If there are no related party transactions during the fiscal year or related party outstanding balances, then management must add a note to the financial statements to disclose this fact. The regulations adopted by the U.S. Department of Education exceed the requirements under U.S. Generally Accepted Accounting Principles.

During the year, the Center did not have any related party transactions or outstanding related party balances required to be reported under the above regulations.

**POLARIS CAREER CENTER
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

FEDERAL GRANTOR			
<i>Pass Through Grantor</i>			
Program Title	Year	Federal AL Number	Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Direct Assistance Programs</i>			
Student Financial Assistance Cluster			
Federal Pell Grant Program	2024	84.063	\$ 537,038
Federal Direct Student Loans	2024	84.268	481,360
Total Student Financial Assistance Cluster			<u>1,018,398</u>
<i>Passed Through Ohio Department of Education</i>			
Adult Education - State Grant Program (Aspire)	2023	84.002	17,068
Adult Education - State Grant Program (Aspire)	2024	84.002	261,590
Adult Education - State Grant Program (IELCE/IET)	2023	84.002	800
Adult Education - State Grant Program (IELCE/IET)	2024	84.002	<u>36,200</u>
Total Adult Education- State Grant Program			315,658
Career and Technical Education - Basic Grants to States (Carl D. Perkins) - HS	2024	84.048	373,092
Career and Technical Education- Basic Grants to States-Equity for Each Jan 2022 Competitive Grant	2024	84.048A	200,000
Career and Technical Education - Basic Grants to States (Carl D. Perkins) - Adult Ed.	2024	84.048	<u>196,768</u>
Total Career and Technical Education Passed Through Ohio Department of Education			769,860
COVID-Funded Governor's Emergency Education Relief	2024	84.425C	<u>14,166</u>
Total U.S. Department of Education			<u>2,118,082</u>
Total Federal Financial Assistance			<u><u>\$ 2,118,082</u></u>

The accompanying notes are an integral part of this schedule.

**POLARIS CAREER CENTER
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Polaris Career Center (the Center) under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Center, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Center.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

OHIO AUDITOR OF STATE KEITH FABER

65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

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

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Polaris Career Center, Cuyahoga County, Ohio (the Center) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements and have issued our report thereon dated March 24, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

March 24, 2025

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
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800-282-0370

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Polaris Career Center, Cuyahoga County, (the Center) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect of Polaris Career Center's major federal programs for the year ended June 30, 2024. Polaris Career Center's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Polaris Career Center complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

March 24, 2025

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**POLARIS CAREER CENTER
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	<ul style="list-style-type: none"> ➤ Student Financial Assistance Cluster ➤ Career and Technical Education Basic Grants to States - AL #84.048
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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APPENDIX D

Proposed Text of Opinion of Bond Counsel

We have served as bond counsel to our client the Board of Education (the “Board”) of Polaris Career Center, Ohio (together with the Board, the “School District”), in connection with the execution and delivery of \$24,305,000* Certificates of Participation, Series 2025 (the “Series 2025 Certificates”), dated the date of this letter, evidencing proportionate interests in payments (“Lease Payments”) to be made by the School District under a Lease-Purchase Agreement, dated as of November 4, 2025 (as amended and supplemented, the “Lease”), from Ohio School Building Leasing Corporation (the “Corporation”), as lessor, to the School District, as lessee. The Series 2025 Certificates are executed and delivered by Zions Bancorporation, National Association, as trustee (the “Trustee”), pursuant to a Trust Agreement, dated as of November 4, 2025 (as amended and supplemented, the “Trust Agreement”), between the Corporation and the Trustee.

In our capacity as bond counsel, we have examined the transcript of proceedings relating to the execution and delivery of the Series 2025 Certificates, including the Ground Lease, dated as of November 4, 2025 (as amended and supplemented, the “Ground Lease”), from the School District, as ground lessor, to the Corporation, as ground lessee, the Lease, the Trust Agreement, a copy of the signed and authenticated Series 2025 Certificate of the first maturity, and such other documents, matters and law as we deem necessary to render the opinions set forth in this letter. Capitalized terms not otherwise defined in this letter are used as defined in the Trust Agreement.

Based on that examination and subject to the limitations stated below, we are of the opinion that under existing law:

1. The Series 2025 Certificates, the Ground Lease, the Lease and the Trust Agreement are valid, binding and enforceable in accordance with their respective terms.
2. Payments of principal of and interest on the Series 2025 Certificates, together with any Additional Certificates executed, delivered and outstanding on a parity with the Series 2025 Certificates pursuant to the Trust Agreement, are payable solely from Revenues as provided in the Trust Agreement, including Lease Payments to be made by the School District pursuant to the Lease. The School District’s obligation to make Lease Payments is subject to and dependent on annual appropriations by the Board, is not secured by an obligation or pledge of any money raised by taxation, and does not constitute a debt or pledge of the faith and credit of the School District within the meaning of any constitutional or statutory limitation. If the Board fails to appropriate money for Lease Payments, the Lease terminates at the end of the current term and the School District is relieved of any subsequent payment obligation under the Lease.
3. The portion of the Lease Payments made by the School District under the Lease and denominated as and comprising interest pursuant to the Lease and received by the owners of the Series 2025 Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on, and any profit made on the sale, exchange or other disposition of, the Series 2025 Certificates are exempt from all Ohio state and local taxation, except the estate tax, the domestic insurance company tax, the dealers in intangibles tax, the tax levied on the basis of the total equity

* Preliminary; subject to change.

capital of financial institutions, and the net worth base of the corporate franchise tax. We express no opinion as to the treatment for federal income tax purposes or Ohio state or local income tax purposes of amounts paid to owners of the Series 2025 Certificates in the event of termination of the Lease as the result of money not being appropriated for Lease Payments. We express no opinion as to any other tax consequences regarding the Series 2025 Certificates.

The opinions stated above are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. In rendering all such opinions, we assume, without independent verification, and rely upon (i) the accuracy of the factual matters represented, warranted or certified in the proceedings and documents we have examined and (ii) the due and legal authorization, execution and delivery of those documents by, and the valid, binding and enforceable nature of those documents upon, any parties other than the School District and the Corporation.

We express no opinion herein regarding the perfection or priority of the lien on Revenues or other funds created by the Trust Agreement. We express no opinion herein with respect to the status or quality of title to, or any interest in, any of the property described in the Ground Lease or the Lease, or the accuracy or sufficiency of the description contained therein of any of that property, or the priority of, or the remedies available to enforce, any claim on or interest in any of that property.

In rendering those opinions with respect to treatment of the interest payments on the Series 2025 Certificates under the federal tax laws under the federal tax laws, we further assume and rely upon compliance with the covenants in the proceedings and documents we have examined, including those of the School District. Failure to comply with certain of those covenants subsequent to the execution and delivery of the Series 2025 Certificates may cause the interest payments to be included in gross income for federal income tax purposes retroactively to the date of execution and delivery of the Series 2025 Certificates.

The rights of the owners of the Series 2025 Certificates and the enforceability of the Series 2025 Certificates, the Ground Lease, the Lease and the Trust Agreement are subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities.

No opinions other than those expressly stated herein are implied or shall be inferred as a result of anything contained in or omitted from this letter. The opinions expressed in this letter are stated only as of the time of its delivery, and we disclaim any obligation to revise or supplement this letter thereafter. Our engagement as bond counsel in connection with the original issuance and delivery of the Series 2025 Certificates is concluded upon delivery of this letter.

Respectfully submitted,

APPENDIX E

Book-Entry System; DTC

Book-Entry System

The information set forth in the following numbered paragraphs is based on information provided by The Depository Trust Company in its “Sample Offering Document Language Describing DTC and Book-Entry-Only Issuance” (September 2024). As such, the School District believes it to be reliable, but the School District takes no responsibility for the accuracy or completeness of that information. It has been adapted to the Certificates issued for purpose of clarification by, among other things, substituting “Certificates” for “Securities,” “School District” for “Issuer” and “Trustee” for “registrar” and by the addition of the italicized language set forth in the text. See also the additional information following those numbered paragraphs.

1. The Depository Trust Company (“DTC”) will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Certificate will be issued for each maturity of the Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *(This internet site is included for reference only, and the information in this internet site is not incorporated by reference in this Offering Circular.)*

3. Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC’s records. The ownership interest of each actual purchaser of each Certificate (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their

holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

4. To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults and proposed amendments to the Trust Agreement. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Certificates unless authorized by a Direct Participant in accordance with DTC's MMI procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividends (*debt charges payments*) on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the School District or the Trustee, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividends (*debt charges*) to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. *(Not Applicable to the Certificates.)*

10. DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the School District or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Replacement certificates are required to be printed *(or otherwise produced)* and delivered.

11. The School District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Replacement certificates will be printed (or otherwise produced) and delivered to DTC. *(See also **Revision of Book-Entry System; Replacement Certificates.**)*

12. The information (above) in this section concerning DTC and DTC's book-entry system has been obtained from sources that the School District believes to be reliable, but the School District takes no responsibility for the accuracy thereof.

Direct Participants and Indirect Participants may impose service charges on Beneficial Owners in certain cases. Purchasers of book-entry interests should discuss that possibility with their brokers.

The School District and the Trustee have no role in the purchases, transfers or sales of book-entry interests. The rights of Beneficial Owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Beneficial Owners may want to discuss with their legal advisors the manner of transferring or pledging their book-entry interests.

The School District and the Trustee have no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, beneficial ownership, or for maintaining, supervising or reviewing any records relating to that ownership.

The School District and the Trustee cannot and do not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the Beneficial Owners payments of debt charges on the Certificates made to DTC as the registered owner, or redemption, if any, or other notices, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve or act in a manner described in this Offering Circular.

For all purposes under the Trust Agreement, DTC will be and will be considered by the School District and the Trustee to be the owner or holder of the Certificates.

Beneficial Owners will not receive or have the right to receive physical delivery of Certificates, and, except to the extent they may have rights as Beneficial Owners or holders under the Continuing Disclosure Agreement, will not be or be considered by the School District and the Trustee to be, and will not have any rights as, owners or holders of Certificates under the Trust Agreement.

Reference herein to "DTC" includes when applicable any successor securities depository and the nominee of the depository.

Revision of Book-Entry System; Replacement Certificates

The Trust Agreement provides for issuance of fully-registered Certificates (Replacement Certificates) directly to owners of Certificates other than DTC only in the event that DTC (or a successor securities depository) determines not to continue to act as securities depository for the Certificates. Upon occurrence of this event, the School District may in its discretion attempt to

have established a securities depository book-entry relationship with another securities depository. If the School District does not do so, or is unable to do so, and after the Trustee has made provision for notification of the Beneficial Owners of the Certificates by appropriate notice to DTC, the School District and the Trustee will authenticate and deliver Replacement Certificates of any one maturity, in authorized denominations, to or at the direction of any persons requesting such issuance, and, if the event is not the result of School District action or inaction, at the expense (including legal and other costs) of those requesting.

Debt charges on Replacement Certificates will be payable when due without deduction for the services of the Trustee as paying agent. Principal of and any premium on Replacement Certificates, will be payable when due to the registered owner upon presentation and surrender at the designated corporate trust office of the Trustee. Interest on Certificates will be payable on the interest payment date by the Trustee by transmittal to the registered owner of record on the Trust Agreement as of the 15th day of the calendar month next preceding the interest payment date. Replacement Certificates will be exchangeable for other Replacement Certificates of authorized denominations, and transferable, at the designated corporate trust office of the Trustee without charge (except taxes or governmental fees). Exchange or transfer of then-redeemable Replacement Certificates is not required to be made: (i) between the 15th day of the calendar month next preceding the mailing of notice of redemption of Replacement Certificates and the date of that mailing, or (ii) of a particular Replacement Certificate selected for redemption (in whole or part).

APPENDIX F

Proposed Form of Continuing Disclosure Agreement

\$24,305,000*

Certificates of Participation, Series 2025

Evidencing Proportionate Interests of the Owners Thereof in Base Rent to be Paid by
the Board of Education of Polaris Career Center, Ohio

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT, dated as of November 4, 2025 (the Agreement), is made, signed and delivered by POLARIS CAREER CENTER, OHIO, a school district and political subdivision duly organized and existing under the Constitution and laws of the State of Ohio (with the Board, the School District), for the benefit of the Holders and Beneficial Owners (as defined herein) from time to time of the \$24,305,000* Certificates of Participation, Series 2025, dated as of November 4, 2025 (the Series 2025 Certificates), authorized by Resolution No. B7, adopted by the Board on May 13, 2025 (the Authorizing Resolution).

RECITAL

The School District, by adoption of the Authorizing Resolution, has authorized the issuance of the Series 2025 Certificates by Zions Bancorporation, National Association, as Trustee under the Trust Agreement securing the Series 2025 Certificates, to provide funds for School District purposes, and Stifel, Nicolaus & Company, Incorporated (the Underwriter), has agreed to provide those funds to the School District by purchasing the Series 2025 Certificates. As a condition to the purchase of the Series 2025 Certificates from the Trustee and the sale of the Series 2025 Certificates to Holders and Beneficial Owners, the Participating Underwriter is required to reasonably determine that the School District has undertaken, in a written agreement for the benefit of Holders and Beneficial Owners of the Series 2025 Certificates, to provide certain information in accordance with the Rule (as defined herein).

NOW THEREFORE, in accordance with the Authorizing Resolution, the School District covenants and agrees as set forth in this Continuing Disclosure Agreement:

Section 1. Purpose of Continuing Disclosure Agreement. This Agreement is being entered into, signed and delivered for the benefit of the Holders and Beneficial Owners of the Series 2025 Certificates and in order to assist the Participating Underwriter of the Series 2025 Certificates in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (SEC) pursuant to the Securities Exchange Act of 1934, as may be amended from time to time (the Rule).

Section 2. Definitions. In addition to the definitions set forth above, the following capitalized terms shall have the following meanings in this Agreement, unless the context clearly otherwise requires. Reference to “Sections” shall mean sections of this Agreement.

“Annual Filing” means any Annual Information Filing provided by the School District pursuant to, and as described in, Sections 3 and 4.

* Preliminary; subject to change.

“Audited Financial Statements” means the audited basic financial statements of the School District, prepared in conformity with generally accepted accounting principles.

“Beneficial Owner” means any person that (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2025 Certificates (including persons holding Series 2025 Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2025 Certificates for federal income tax purposes.

“EMMA” means the Electronic Municipal Market Access system of the MSRB; information regarding submissions to EMMA is available at <http://emma.msrb.org>.

“Filing Date” means the last day of the ninth month following the end of each Fiscal Year (or the next succeeding business day if that day is not a business day), beginning March 31, 2026 (as to the financial information and operating data described in Section 4(a) hereof, starting with such financial information and operating data for Fiscal Year 2025), and, as to the Audited Financial Statements, when and if available (whether before, on, or after the Filing Date).

“Financial Obligation” means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of an obligation or instrument described in either clause (a) or (b). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the 12-month period beginning on July 1 of each year or such other 12-month period as the School District shall adopt as its fiscal year.

“Holder” means, with respect to the Series 2025 Certificates, the person in whose name a Series 2025 Certificate is registered in accordance with the Trust Agreement.

“MSRB” means the Municipal Securities Rulemaking Board.

“Obligated Person” means any person, including the issuer of municipal securities (such as the Series 2025 Certificates), who is generally committed by contract or other arrangement to support payment of all or part of the obligations on the municipal securities being sold in an offering document (such as the Offering Circular); the School District is the only Obligated Person for the Series 2025 Certificates.

“Offering Circular” means the Offering Circular for the Series 2025 Certificates dated October __, 2025.

“Participating Underwriter” means any of the original underwriters of the Series 2025 Certificates required to comply with the Rule in connection with offering of the Series 2025 Certificates.

“Specified Events” means any of the events with respect to the Series 2025 Certificates as set forth in Section 5(a).

“State” means the State of Ohio.

“Trust Agreement” means Trust Agreement, dated as of November 4, 2025, as supplemented and amended, including by the First Supplemental Trust Agreement, dated November 4, 2025, each between the Trustee and Ohio School Building Leasing Corporation.

Section 3. Provision of Annual Information.

(a) The School District shall provide (or cause to be provided) not later than the Filing Date to the MSRB an Annual Filing, which is consistent with the requirements of Section 4. The Annual Filing shall be submitted in an electronic format and contain such identifying information as is prescribed by the MSRB, and may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4; provided that the Audited Financial Statements of the School District may be submitted separately from the balance of the Annual Filing and later than the Filing Date if they are not available by that date. If the School District's Fiscal Year changes, it shall give notice of such change in the same manner as for a Specified Event under Section 5.

(b) If the School District is unable to provide to the MSRB an Annual Filing by the Filing Date, the School District shall, in a timely manner, send a notice to the MSRB in an electronic format as prescribed by the MSRB.

Section 4. Content of Annual Filing. The School District's Annual Filing shall contain or include by reference the following:

(a) Financial information and operating data of the type included in the Offering Circular under the captions: the table of the historical and projected enrollment in the School District's schools under **The School System – Enrollment**; in the table of the largest School District taxpayers shown under **Ad Valorem Property Taxes – Assessed Valuation**; under the captions **Ad Valorem Property Taxes – Collections** and **– Delinquencies**, together with information as to aggregate assessed valuation of the School District and overlapping and School District tax rates; under the captions **State School Funding System** and **School District Debt and Other Long-Term Obligations**; in the **Debt Tables**; and in **Appendices A and B-2**.

(b) The Audited Financial Statements of the School District utilizing generally accepted accounting principles applicable to governmental units as described in the Offering Circular, except as may be modified from time to time and described in such financial statements.

The foregoing shall not obligate the School District to prepare or update projections of any financial information or operating data.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the School District or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. The School District shall clearly identify each such other document so included by reference.

Section 5. Reporting Specified Events.

(a) The School District shall provide (or cause to be provided) to the MSRB, in an electronic format and containing such identifying information as is prescribed by the MSRB and in a timely manner but not later than ten business days after the occurrence of the event, notice of any of the following events with respect to the Series 2025 Certificates, as specified by the Rule:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment-related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties; (a)
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties; (a)

- (5) Substitution of credit or liquidity providers, or their failure to perform; (a)
- (6) (Issuance of) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security (*i.e.*, the Series 2025 Certificates), or other material events affecting the tax status of the security; (b)
- (7) Modifications to rights of security holders, if material;
- (8) Certificate calls, if material, and tender offers; (c)
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Obligated Person; *Note: For the purposes of the event identified in this subparagraph, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.*
- (13) The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.

Notes:

- (a) *The School District has not obtained or provided, and does not expect to obtain or provide, any debt service reserves, credit enhancements or credit or liquidity providers for the Series 2025 Certificates.*
- (b) *Interest on the Series 2025 Certificates is not excluded from gross income for federal income tax purposes.*

- (c) *Any scheduled redemption of Series 2025 Certificates pursuant to mandatory sinking fund redemption requirements does not constitute a specified event within the meaning of the Rule.*

For the Specified Events described in Section 5(a) (2), (6, as applicable), (7), (8, as applicable), (10), (13), (14) and (15), the School District acknowledges that it must make a determination whether such Specified Event is material under applicable federal securities laws in order to determine whether a filing is required.

Section 6. Amendments. The School District reserves the right to amend this Agreement, and noncompliance with any provision of this Agreement may be waived, as may be necessary or appropriate to (a) achieve its compliance with any applicable federal securities law or rule, (b) cure any ambiguity, inconsistency or formal defect or omission and (c) address any change in circumstances arising from a change in legal requirements, change in law or change in the identity, nature or status of the School District or type of business conducted by the School District. Any such amendment or waiver shall not be effective unless the Agreement (as amended or taking into account such waiver) would have materially complied with the requirements of the Rule at the time of the primary offering of the Series 2025 Certificates, after taking into account any applicable amendments to or official interpretations of the Rule, as well as any change in circumstances, and until the School District shall have received either (i) a written opinion of bond counsel or other qualified independent special counsel selected by the School District that the amendment or waiver would not materially impair the interests of Holders or Beneficial Owners, or (ii) the written consent to the amendment or waiver of the Holders of at least a majority of the principal amount of the Series 2025 Certificates then outstanding. An Annual Filing containing any revised operating data or financial information shall explain, in narrative form, the reasons for any such amendment or waiver and the impact of the change on the type of operating data or financial information being provided. If the amendment relates to the accounting principles to be followed in preparing Audited Financial Statements, (A) the School District shall provide notice of such change in the same manner as for a Specified Event under Section 5 and (B) the Annual Filing for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements or information as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Agreement shall be deemed to prevent the School District from disseminating any other information, using the means of dissemination set forth in this Agreement or providing any other means of communication, or including any other information in any Annual Filing or providing notice of the occurrence of an event, in addition to that which is required by this Agreement. If the School District chooses to include any information in any document or notice of occurrence of an event in addition to that which is specifically required by this Agreement, the School District shall have no obligation under this Agreement to update such information or include it in any future Annual Filing or notice of occurrence of a Specified Event.

Section 8. Remedy for Breach. This Agreement shall be solely for the benefit of the Holders and Beneficial Owners from time to time of the Series 2025 Certificates. The exclusive remedy for any breach of this Agreement by the School District shall be limited, to the extent permitted by law, to a right of Holders and Beneficial Owners to institute and maintain, or to cause to be instituted and maintained, such proceedings as may be authorized at law or in equity to obtain the specific performance by the School District of its obligations under this Agreement in a court in the County of Cuyahoga, Ohio. Any such proceedings shall be instituted and maintained only in accordance with Trust Agreement; provided that any Holder or Beneficial Owner may exercise individually any such right to require the School District to specifically perform its obligation to provide or cause to be provided a pertinent filing if such a filing is due and has not been made. Any Beneficial Owner seeking to require the School District to comply with this Agreement shall

first provide at least 30 days' prior written notice to the School District of the School District's failure, giving reasonable detail of such failure, following which notice the School District shall have 30 days to comply. A default under this Agreement shall not be deemed an event of default under the Trust Agreement or the Facilities Lease, as defined in the Authorizing Resolution, and the sole remedy under this Agreement in the event of any failure of the School District to comply with this Agreement shall be an action to compel performance. No person or entity shall be entitled to recover monetary damages under this Agreement.

Section 9. Non-Appropriation. The performance by the School District of its obligations under this Agreement shall be subject to the availability of funds and their annual appropriation to meet costs that the School District would be required to incur to perform those obligations. The School District shall provide notice to the MSRB in the same manner as for a Specified Event under Section 5 of the failure to appropriate funds to meet costs to perform the obligations under this Agreement.

Section 10. Termination. The obligations of the School District under this Agreement shall remain in effect only for such period that the Series 2025 Certificates are outstanding in accordance with their terms and the School District remains an Obligated Person with respect to the Series 2025 Certificates within the meaning of the Rule. The obligation of the School District to provide the information and notices of the events described above shall terminate, if and when the School District no longer remains such an Obligated Person. If any person, other than the School District, becomes an Obligated Person relating to the Series 2025 Certificates, the School District shall use its best efforts to require such Obligated Person to comply with all provisions of the Rule applicable to such Obligated Person.

Section 11. Dissemination Agent. The School District may, from time to time, appoint or engage a dissemination agent to assist it in carrying out its obligations under this Agreement, and may discharge any such agent, with or without appointing a successor dissemination agent.

Section 12. Beneficiaries. This Agreement shall inure solely to the benefit of the School District, any dissemination agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Series 2025 Certificates, and shall create no rights in any other person or entity.

Section 13. Recordkeeping. The School District shall maintain records of all Annual Filings and notices of Specified Events and other events including the content of such disclosure, the names of the entities with whom such disclosures were filed and the date of filing such disclosure.

Section 14. Governing Law. This Agreement shall be governed by the laws of the State.

IN WITNESS WHEREOF, the School District has caused this Continuing Disclosure Agreement to be duly signed and delivered to the Underwriter, as part of the Series 2025 Certificate proceedings and in connection with the original delivery of the Series 2025 Certificates to the Underwriter, on its behalf by its officials signing below, all as of the date set forth above, and the Holders and Beneficial Owners from time to time of the Series 2025 Certificates, shall be deemed to have accepted this Agreement made in accordance with the Rule.

POLARIS CAREER CENTER, OHIO

By: *Exhibit – Not for Signature*
President, Board of Education

By: *Exhibit – Not for Signature*
Superintendent

By: *Exhibit – Not for Signature*
Treasurer, Board of Education

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APPENDIX G

DESCRIPTION OF DOCUMENTS

General; Definitions

The following descriptions of provisions of the documents are only brief outlines of some of the provisions thereof, and do not purport to summarize or describe all of the provisions thereof. Reference is made to the Ground Lease, the Lease-Purchase Agreement, the Assignment of Leases and the Trust Agreement relating to the Certificates. The following terms are used in the documents and have the meanings given below unless the context clearly requires otherwise.

“Additional Certificates” means the Series 2025 Certificates and any other Series of Certificates that may be delivered subsequent to the delivery of the Series 2025 Certificates pursuant to the Trust Agreement.

“Additional Payments” means Additional Payments as described under **Description of Documents – The Lease-Purchase Agreement**.

“Appropriation” means the designation out of the general resources of the School District of a certain amount for a particular purpose in a resolution adopted by the Board of Education.

“Assignment” means the Master Assignment, as amended or further supplemented from time to time in accordance with its terms.

“Authorized Denomination” means the denomination of \$5,000 or any integral multiple thereof.

“Base Rent” means the Base Rent payments, including the principal and interest components of those payments, specified in the Lease and set forth herein under **Debt Table C**.

“Board of Education” or **“Board”** means the Board of Education of the School District, as it may be constituted from time to time.

“Bond Counsel” means an independent attorney or firm of attorneys admitted to practice law before the highest court of the State and nationally recognized as municipal bond counsel.

“Book-entry form” or **“book-entry system”** means a form or system, as applicable, under which (a) the ownership of beneficial interests in Certificates and Certificate Payments may be transferred only through a book entry and (b) physical Certificates in fully registered form are registered only in the name of a Depository or its nominee as Owner, with the physical Certificates “immobilized” in the custody of the Depository or its agent. The book-entry system is maintained by and is the responsibility of the Depository and not the Corporation or the Trustee. The book entry is the record that identifies, and records the transfer of the interests of, the owners of beneficial (book-entry) interests in the Certificates.

“Business Day” means any day other than (a) a Saturday or Sunday, (b) a day on which banking institutions in the School District or any city in which the designated corporate trust office or operations office of the Trustee is located, are authorized by law or executive order to close, (c) any day on which the Federal Reserve Bank of Cleveland is closed or (d) a day on which the Depository or its nominee is closed.

“Certificate Documents” means the Ground Lease, the Lease, the Assignment and the Trust Agreement.

“Certificate Fund” means the Certificate Fund established under the Trust Agreement and held by the Trustee.

“Certificate Payments” means, for any period or payable at any time, the principal or Maturity Amount of and interest and any premium on the Certificates for that period or payable at that time (whether on a Payment Date or pursuant to or upon redemption or otherwise), as the case may be.

“Certificates” means, collectively, the Series 2017 Certificates and the Series 2025 Certificates and any other Additional Certificates.

“Certification” means the certification by the Treasurer that the money required for the payment of a particular contract, agreement or other obligation is in the treasury of the School District or in the process of collection to the credit of the fund from which it is to be drawn and not appropriated for any other purpose.

“Closing Date” means, as to any series of Certificates, the date of original delivery to the Original Purchaser against payment therefor.

“Code” means the Internal Revenue Code of 1986, as amended from time to time; references to the Code and sections thereof include relevant applicable regulations and temporary regulations thereunder and any successor provisions to those sections, regulations or temporary regulations.

“Commencement Date” means November 4, 2025.

“Contracts” means the contracts for acquisition, construction, equipping, installation and improvement of the Leased Property entered into by the School District (with all amendments and change orders), or any contracts designated by the School District as a partial or complete replacement or substitute for any of those contracts.

“Corporation” means Ohio School Building Leasing Corporation and any successors thereto.

“Counsel” means an attorney or a firm of attorneys admitted to practice law before the highest court of the State.

“Defeasance Obligations” means:

- (a) direct non-callable obligations of the United States of America (the Government Obligations); and
- (b) evidences of ownership of proportionate interests in future interest and principal payments on Government Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying Government Obligations are not available to any person claiming through the custodian or to whom the custodian may be obligated.

“Depository” means The Depository Trust Company (a limited purpose trust company), New York, New York, until any successor Depository shall have become such pursuant

to the applicable provisions of this Agreement and, thereafter, “Depository” shall mean the successor Depository. Any Depository shall be a securities depository that is a clearing agency under federal law operating and maintaining, with its participants or otherwise, a book-entry system to record ownership of beneficial interests in Certificates or Certificate Payments, and to effect transfer of Certificates, in a book-entry form.

“Eligible Investments” means, to the extent permitted by law:

(a) cash (insured at all times by the Federal Deposit Insurance Corporation or otherwise collateralized with obligations described immediately hereafter, or direct obligations (including obligations issued or held in book-entry form on the books of) the Department of the Treasury of the United States of America;

(b) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America, including (i) the Export-Import Bank, (ii) the Farm Credit System Financial Assistance Corporation, (iii) the Rural Economic Community Development Administration (formerly the Farmers Home Administration, (iv) the General Services Administration, (v) the United States Maritime Administration, (vi) the Small Business Administration, (vii) the Government National Mortgage Association (GNMA), (viii) the United States Department of Housing and Urban Development (PHAs), (ix) the Federal Housing Administration and (x) the Federal Financing Bank;

(c) direct obligations of any of the following federal agencies that obligations are not fully guaranteed by the full faith and credit of the United States of America: (i) senior debt obligations rated “Aaa” by Moody’s issued by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC), (ii) obligations of the Resolution Funding Corporation (REFCORP), and (iii) senior debt obligations of the Federal Home Loan Bank System;

(d) United States dollar denominated deposit accounts, demand deposits, including interest bearing money market accounts, certificates of deposit, including those placed by a third party pursuant to an agreement between the Trustee and the School District, federal funds and bankers’ acceptances with domestic commercial banks including, in the case of any such deposit, fund or account, the Trustee or any of its affiliates, which have a rating on their short-term certificates of deposit on the date of purchase of “P-1” by Moody’s and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(e) commercial paper that is rated at the time of purchase in the single highest classification, “P-1” by Moody’s and that matures not more than 270 days after the date of purchase;

(f) pre-refunded Municipal Obligations, defined as any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state that are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(i) that are rated, based on an irrevocable escrow account or fund (the escrow), in the highest rating category of Moody’s or any successors thereto; or

(ii) (A) that are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described

in (a) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (B) which escrow is sufficient, as verified or certified by a nationally recognized independent firm that is experienced in the preparation of verification reports and acceptable to the Trustee, to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate;

(g) investments in the State of Ohio Local Agency Investment Pool (S.T.A.R. Ohio) created and maintained pursuant to Section 135.45 of the Revised Code, provided S.T.A.R. Ohio maintains the highest letter or numerical rating provided by at least one nationally recognized rating service. The School District would not be required to divest funds during the initial 180 days following the Treasurer of State's receipt of notice that S.T.A.R. Ohio is not in compliance with the rating requirements;

(h) general obligations of states with a rating of at least "A2/A" or higher by Moody's; and

(i) investments in money-market funds (including those for which the Trustee or an affiliate of the Trustee serves as investment manager, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (i) the Trustee or an affiliate of the Trustee receives fees from such funds for services rendered, (ii) the Trustee charges and collects fees for services rendered pursuant to the Trust Agreement, which fees are separate from the fees received from such funds, and (iii) services performed for such funds and pursuant to the Trust Agreement may at times duplicate those provided to such funds by the Trustee or its affiliates) registered under the Federal Investment Company Act of 1940, as amended, whose shares are registered under the Federal Securities Act of 1933, as amended, rated, at the time of purchase, "AAAm," "AAAm-G," or "AAm" or the equivalent by Moody's or S&P.

Investments or deposits in certificates of deposit or investment contracts shall not be made without complying with Treasury Regulations Section 1.148-5(d)(6)(ii) and (iii), respectively, or with any successor provisions thereto or other similar applicable provisions. In determining whether the rating assigned by Moody's to an investment complies with the rating categories provided in this definition, the rating category shall be determined without regard to any numerical or plus or minus modifier, unless otherwise expressly provided in this definition.

"Event of Default" means an Event of Default under the Lease or the Trust Agreement, as applicable.

"Extraordinary Services" and **"Extraordinary Expenses"** mean all services rendered and all reasonable fees and expenses properly incurred by the Trustee, as such and as Registrar and Paying Agent, under this Agreement, including without limitation any claims, losses, damages, penalties and reasonable attorneys' fees and expenses incurred by Trustee hereunder, subject to the provisions of Article VII of the Trust Agreement, other than Ordinary Services and Ordinary Expenses.

"First Supplemental Lease" means the First Supplement Lease-Purchase Agreement dated as of November 4, 2025, between the Corporation, as Lessor, and the School District, as lessee.

“First Supplemental Trust Agreement” means the First Supplemental Trust Agreement dated as of November 4, 2025, between the Corporation and the Trustee.

“Ground Lease” means the Master Ground Lease as amended or supplemented from time to time in accordance with its terms.

“Holder” or **“Holder of a Certificate”** means the Person in whose name a Certificate is registered on the Register.

“Initial Term” means the period from the Commencement Date to June 30, 2025, inclusive.

“Interest Payment Date” or **“Interest Payment Dates”** means, as to the Series 2025 Certificates, May 1 and November 1 of each year during which those Certificates are outstanding, commencing May 1, 2026*.

“Interest Rate for Advances” means one percent (1%) above the highest rate quoted as the “Prime Rate” in the column entitled “Money Rates” published in *The Wall Street Journal* on the day payment is due (or if such due date falls on a weekend or holiday, the immediately preceding Business Day).

“Lease” means the Master Lease, as supplemented by the First Supplemental Lease, and as further amended or supplemented from time to time in accordance with its terms.

“Lease Payment Account” means the Lease Payment Account of the Certificate Fund established under the Trust Agreement.

“Lease Payment Date” means the Lease Payment Date as described in the Lease.

“Lease Payments” means, for each Lease Term, the sum of the Base Rent and the Sinking Fund Payments, if any, due during that Lease Term.

“Lease Term” means, individually and not collectively, the Initial Term, each Renewal Term, and any other renewal term during which the terms and conditions of the Lease are in force.

“Leased Property” means the Project Site and the Project Facilities as described in the Lease, as revised from time to time in accordance with the terms of the Lease.

“Lessee” means the lessee at the time under the Lease.

“Lessor” means the lessor at the time under the Lease.

“Master Assignment” means the Assignment of Leases, dated as of March 14, 2017, between the Corporation and the Trustee, assigning to the Trustee all rights and interest of the Corporation, except for Unassigned Rights, under the Ground Lease and the Lease.

“Master Ground Lease” means the Ground Lease, dated as of March 14, 2017, between the Board of Education, as ground lessor, and the Corporation, as ground lessee.

* Preliminary; subject to change.

“Master Lease” means the Lease-Purchase Agreement, dated as of March 14, 2017, between the Corporation, as lessor, and the School District, as lessee.

“Master Trust Agreement” means the Trust Agreement between the Corporation and the Trustee, dated as of March 14, 2017.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the School District with the approval of the Trustee.

“Ordinary Services” and **“Ordinary Expenses”** mean those services normally rendered, and those fees, advances, counsel fees and other expenses normally incurred, by a trustee, registrar or paying agent under instruments similar to the Trust Agreement.

“Original Purchaser” means, as to a series of Certificates, the purchaser identified in the applicable Purchase Agreement.

“Other Facilities” means improvements to School District buildings that are not included in the Leased Property, as described in the Lease.

“Outstanding Certificates” or **“Certificates outstanding”** or **“outstanding”** as applied to Certificates mean, as of the applicable date, all Certificates that have been signed and delivered, or which are being delivered by the Trustee under the Trust Agreement, except:

- (a) Certificates cancelled upon surrender, exchange or transfer, or cancelled because of payment or redemption on or prior to that date;
- (b) Certificates, or the portion thereof, for the payment, redemption or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee on or prior to that date for that purpose (whether upon or prior to the maturity date of those Certificates);
- (c) Certificates, or the portion thereof, that are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of the Trust Agreement; and
- (d) Certificates in lieu of which others have been signed and delivered under the Trust Agreement.

“Owner” means the Person in whose name a Certificate is registered on the Register.

“Paying Agent” means the Trustee acting in that capacity.

“Payment Date” means an Interest Payment Date and/or a Principal Payment Date.

“Person” or words importing “persons” mean firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, public or governmental bodies, other legal entities and natural persons.

“Predecessor Certificate” of any particular Certificate means every previous Certificate evidencing all or a portion of the same obligation as that evidenced by the particular Certificate. For the purposes of this definition, any Certificate signed and delivered under the

Trust Agreement in lieu of a lost, stolen or destroyed Certificate shall, except as otherwise provided in the Trust Agreement, be deemed to evidence the same obligation as the lost, stolen or destroyed Certificate.

“Principal Payment Date” means, as to the Series 2025 Certificates, November 1 of each year commencing November 1 in the years from and including 2027* through 2036* and 2028* through 2041*, and any other date on which principal of the Series 2025 Certificates is due and payable whether at maturity or pursuant to redemption.

“Project Costs” means the costs of the Project Facilities and the Other Facilities.

“Project Facilities” means the Project Facilities as defined in the Lease.

“Project Fund” means the Project Fund by that name established pursuant to the Lease and held by the School District.

“Project Site” means the real estate upon which the Project Facilities are to be constructed or installed as described in the Lease and the Ground Lease.

“Purchase Agreement” means, as to the Series 2025 Certificates, the Certificate Purchase Agreement among the Trustee, the Original Purchaser and the School District relating to the initial offering and sale of the Series 2025 Certificates.

“Purchase Date” means any date on which the School District may purchase the Lessor’s rights in the Leased Property by payment of the applicable Purchase Price to the Lessor.

“Purchase Price” means, as of any Purchase Date, the amount required to be paid by the School District to purchase the Project Facilities pursuant to the Lease.

“Redemption Account” means the account by that name established under the Trust Agreement as an account within the Certificate Fund.

“Register” means the books kept and maintained by the Registrar for registration and transfer of Certificates pursuant to the Trust Agreement.

“Registrar” means the Trustee acting in that capacity, as a transfer agent registered in accordance with Section 17A(c) of the Securities Exchange Act of 1934.

“Renewal Term” means, individually and not collectively, each Renewal Term designated in Section 6(b) of the Lease.

“Required Property Insurance Coverage” means insurance insuring the Project Facilities against loss or damage by fire, lightning, vandalism and malicious mischief and all other perils covered by standard “extended coverage” or “all risks” policies.

“Required Public Liability Insurance Coverage” means comprehensive general accident and public liability insurance.

“Revenues” means (a) the Base Rent, (b) all other money received or to be received by the Trustee under the Lease, including without limitation, all income or other money realized from the lease, sale or other disposition of the Leased Property (except that any Sinking Fund

* Preliminary; subject to change.

Payments and amounts in any Sinking Fund shall be used solely to pay Certificate Payments on the series of Certificates secured by those Sinking Fund Payments and that Sinking Fund), (c) any money and investments in the Certificate Fund (including the Lease Payment Account and the Redemption Account), and (d) all income and profit from the investment of the foregoing money.

“School District” means Polaris Career Center, Ohio, in the Counties of Cuyahoga and Lorain, Ohio, including its Board of Education.

“Serial Certificates” means, as to the Series 2025 Certificates, those Certificates maturing in the years from and including 2027* through 2036* and 2028* through 2041*, and as to any Additional Certificates issued pursuant to the Trust Agreement, the Certificates designated as such in the Supplemental Agreement relating to such Additional Certificates, such Certificates in any case being not subject to mandatory sinking fund redemption.

“Series 2017 Certificates” means the Certificates of Participation, Series 2017, authorized in the Trust Agreement.

“Series 2025 Certificates” means the Certificates of Participation, Series 2025, authorized in the Trust Agreement.

“State” means the State of Ohio.

“Subject to Appropriation and Certification” means subject to the Board of Education making an Appropriation and the Treasurer making a Certification.

“Superintendent” means the Superintendent of the School District.

“Supplemental Lease” means any document supplementing or amending the Lease.

“Supplemental Trust Agreement” means any document supplementing or amending the Trust Agreement.

“Tax-Exempt Obligations” means obligations to which Section 103 of the Code applies, the interest on which is excluded from gross income for federal income tax purposes.

“Tax Opinion” means the opinion of Bond Counsel selected by the Trustee to the effect that the action or event referred to will not adversely affect the Tax Status of the Certificates.

“Tax Status” means, as to the Series 2025 Certificates, the status of the Series 2025 Certificates as taxable obligations.

“Term Certificates” means, as to the Series 2025 Certificates, those Certificates maturing in the years 20__* and 20__*, and to any Additional Certificates issued pursuant to the Trust Agreement, the Series 2025 Certificates designated as such in the Supplemental Agreement relating to such Additional Certificates, such Certificates in any case being subject to mandatory sinking fund redemption.

“Termination Date” means with respect to any Lease Term the Termination Date as provided for in the Lease.

* Preliminary; subject to change.

“Treasurer” means the Treasurer of the Board of Education.

“Trust Agreement” means the Master Trust Agreement, as supplemented by the First Supplemental Trust Agreement and as further amended or supplemented from time to time in accordance with its terms.

“Trustee” means Zions Bancorporation, National Association, or any successor Trustee that may become the Trustee pursuant to the applicable provisions of the Trust Agreement.

The Ground Lease

General

The Ground Lease is entered into between the School District as ground lessor and the Corporation as ground lessee of the Project Site. The Corporation is assigning the Ground Lease to the Trustee pursuant to the Assignment. Title to the Project Site will at all times remain with the School District. Title to the leasehold interest in the Project Site created under the Ground Lease will remain with the Trustee, as assignee of the Corporation, for the term of the Ground Lease, subject to the purchase option provisions in the Lease.

Term

The term of the Ground Lease will terminate on November 1, 2051, subject to earlier termination under the Ground Lease.

Simultaneous Lease-Back; No Merger

Simultaneously upon the signing of the Ground Lease, the Corporation and the School District are entering into the Lease under which the School District is leasing the Project Site, together with improvements thereon from the Corporation. See **Description of Documents – The Lease-Purchase Agreement**. Notwithstanding this simultaneous lease-back, the School District and the Corporation intend that the leasehold interest granted by the School District to the Corporation under the Ground Lease is independent of the Lease, the Lease is not an assignment or surrender of the leasehold interest granted to the Corporation under the Ground Lease and the Lease will not operate as a merger or extinguishment of the leasehold interest granted to the Corporation under the Ground Lease.

Rent

The Corporation has prepaid its rental obligations under the Ground Lease to the School District in the amount of \$100.00. The Corporation will not be responsible for any additional payments under the Ground Lease.

Early Rights of Termination by the School District

The School District has the right to terminate the Ground Lease or to release any Leased Property from the Ground Lease upon written notice to the Trustee, as assignee of the Corporation, after the occurrence of any one of the following:

(a) termination of the Lease in accordance with the provisions of the Lease and the Trust Agreement relating to defeasance of the Trust Agreement and payment of the Certificates; or

(b) the exercise by the School District of its purchase option to purchase any or all of the Lessor's interests in the Leased Property in accordance with the Lease and defeasance of the Trust Agreement.

Surrender

The Corporation agrees that upon the expiration or termination of the Ground Lease or the release of the Leased Property, it will surrender to the School District such Leased Property, together with all improvements thereon, free and clear of all liens and encumbrances resulting from any act or omission of the Lessor.

Amendment

The Ground Lease may not be modified, amended, altered or changed except with the prior written consent of the School District and the Lessor.

The Lease-Purchase Agreement

General

The Lease is being entered into between the Lessor as lessor and the School District as lessee. The Lease contains the terms and conditions under which the Leased Property is leased to the School District for the Lease Term. The Leased Property is comprised of the Project Facilities and the Project Site. The School District will finance the acquisition of the Project Facilities by lease-purchase pursuant to the terms of the Lease. The School District is leasing the Project Site to the Lessor under the Ground Lease. See **Description of Documents – The Ground Lease**. The Lessor, by the Trust Agreement and the Assignment, is assigning to the Trustee all its rights and interest in and to the Ground Lease, the Lease and the Leased Property.

Lease Term; Renewals; Termination

The current Lease Term will expire on June 30, 2026, subject to renewal as provided under the Lease. The Lease may be renewed under the provisions of the Lease for consecutive Renewal Terms of one year each commencing on July 1 and terminating on June 30, except that the final Renewal Term will terminate on November 1, 2046. The Lease may be renewed in accordance with the following:

(a) In order to exercise its right of renewal for a Renewal Term, the School District will proceed as follows:

On or prior to July 1 of the Fiscal Year of the new Renewal Term, the School District will in its permanent appropriation resolution appropriate sufficient funds to enable it to pay all the Lease Payments due during that Renewal Term and will affirmatively include in the School District's annual operating budget a line item supporting that Appropriation and Certification of funds for paying such Lease Payments. The School District will not be deemed to have exercised its right of renewal if it appropriates insufficient funds to pay all of the Lease Payments due during the applicable Renewal Term. Such Appropriation and Certification will constitute the School District's exercise of its right to renew the Lease and the Lease will therefore be renewed for the full Renewal Term of that Fiscal Year in which the Appropriation was made. As evidence of the School District's exercise of its renewal of this Lease for a Renewal Term, the School District will, on or prior to July 1 of that Fiscal Year, deliver to the Lessor and the Trustee (i) a certified copy of the permanent appropriation resolution, (ii) an excerpt of the annual operating budget supporting that Appropriation and Certification and (iii) a

statement of the Treasurer certifying that the School District has appropriated sufficient funds to enable the School District to pay the Lease Payments due during the applicable Renewal Term.

(b) If a Lease Term terminates without a renewal of the Lease for a succeeding Renewal Term pursuant to paragraph (a) above and if by March 1 of the Fiscal Year immediately following the Termination Date the School District appropriates sufficient funds to enable it to pay all the Lease Payments due during that Fiscal Year, then the Lease will be reinstated and deemed renewed as of the day following the Termination Date of the preceding Lease Term and any Lease Payments that would have been due and payable had the Lease been renewed on the first day of the Renewal Term will be paid on the date of reinstatement.

(c) The School District will endeavor to give the State Department of Education and Workforce, the Lessor and the Trustee 120 days' prior written notice of its intent not to renew the Lease, but failure to do so will not constitute an Event of Default under the Lease and will not impair its right of renewal thereunder.

(d) The School District intends and reasonably believes that legally available funds of an amount sufficient to make all Lease Payments during each Lease Term can be appropriated and obtained. In that regard, the School District in the Lease represents that the Leased Property and the School District's use of the Leased Property is essential to the efficient operation of and the well-being of the School District. Further, the School District, through its Treasurer, intends to do all things lawfully within that officer's power to obtain and maintain funds from which Lease Payments may be made, including requesting provision for such payments to the extent necessary in each annual budget and in the temporary appropriation resolution and the permanent appropriation resolution for presentation to the Board. The School District presently intends to renew the Lease through the final Renewal Term, although such renewal remains Subject to Appropriation and Certification.

The Lease Term with respect to the Leased Property will terminate upon the occurrence of the first of the following events:

(a) the termination of the Lease in accordance with the provisions for annual termination;

(b) the Lessor's election to terminate the Lease pursuant to the remedial provisions of the Lease upon the occurrence of an Event of Default;

(c) the purchase by the School District of the Lessor's interests in the Leased Property pursuant to the Lease; or

(d) the payment or deemed payment, by defeasance pursuant to the Lease, by the School District of all Lease Payments and all other amounts authorized or required to be paid by the School District under the Lease.

Lease Payments

On or before the Lease Payment Date during each Lease Term, the School District will pay to the Trustee, as assignee of the Lessor, in lawful money of the United States of America, an amount equal to the sum of the Base Rent and any Sinking Fund Payments payable on that Lease Payment Date as set forth in the Lease and set forth in this Offering Circular in **Debt Table C**. The School District will receive a credit against the Base Rent payment due on each Lease Payment Date in the amount of any funds on deposit in the Lease Payment Account on the Business Day immediately preceding that Lease Payment Date. The School District will receive a credit against any Sinking Fund Payment due on each Lease Payment Date in the amount by which the balance

in the related Sinking Fund on the Business Day immediately preceding that Lease Payment Date exceeds the sum of all related Sinking Fund Payments due prior to that Lease Payment Date.

Except as described in the following sentence, the obligation of the School District to make Lease Payments and all other amounts required to be paid by the School District under the Lease and to perform its obligations under the Lease will be absolute and unconditional and will not be subject to abatement, set-off, defense, recoupment, or counterclaim. The obligations of the School District under the Lease are subject to periodic Appropriation and Certification for such purposes. The obligations of the School District under the Lease, including the obligation to pay Lease Payments in any Lease Term for which the Lease is in effect, will not constitute a general obligation indebtedness of the School District within the meaning of the Constitution and laws of the State.

Lease Payments will be payable in immediately available funds to the Trustee, as assignee of the Lessor, at the corporate trust office of the Trustee or at such other place as the Lessor may from time to time designate in writing. Money in any Sinking Fund is to be applied to the payment when due of the principal component of Base Rent attributable to the series of Certificates secured by that Sinking Fund. The Trustee will apply the amount of Base Rent received first to payment of the interest component of the respective Base Rent payment and second to the payment of the principal component of the respective Base Rent payment. Money in the Lease Payment Account on the Business Day immediately preceding a Lease Payment Date will be credited against the Base Rent due on that Lease Payment Date.

Additional Payments

During each Lease Term, the School District will pay to the Trustee, as assignee of the Lessor, if and whenever applicable, the following amounts as Additional Payments:

- (a) the Trustee's fees under the Trust Agreement;
- (b) the Trustee's Ordinary Expenses and Extraordinary Expenses, as defined in the Trust Agreement;
- (c) amounts payable due to any claims arising under or related to the Leased Property as provided under the Lease;
- (d) taxes and other governmental charges as provided under the Lease; and
- (e) any premium due for insurance as required under the Lease.

The School District's obligation to pay Additional Payments in each Lease Term is Subject to Appropriation and Certification. If Appropriations are not made for payment of all or any part of that Additional Payments, the Trustee, as assignee of the Lessor, has the right, but not the obligation, to pay or advance the amount of such Additional Payments upon 30 days' notice to the School District. Any such advance will bear interest at the Interest Rate for Advances and will be payable within 30 days after the Trustee gives notice to the School District of payment of the advance. For all Fiscal Years subsequent to any payment or advance by the Trustee of an amount that would constitute Additional Payments, the Treasurer is required to budget for and seek Appropriation of funds for payment of such Additional Payments.

Prepayment and Purchase Option

Provided that no Event of Default or imminent Event of Default exists and upon proper notification, the School District has the right upon 90 days' written notice to the Lessor to purchase

on the Purchase Date any and all of the Lessor's rights and interest in the Leased Property by paying to the Lessor the Purchase Price in the amount necessary to cause all Lease Payments to be paid or deemed paid pursuant to the Lease.

Project Fund

The Lease requires the School District to create and maintain a Project Fund as a separate deposit account and special fund and to create separate accounts therein for each series of Certificates. There will be deposited in the appropriate accounts in the Project Fund the proceeds received upon the original sale of each series of Certificates, after payment of issuance costs. Money in the Project Fund will be used by the School District to pay Project Costs. Any money held in the Project Fund may be invested by the School District in permitted investments under Ohio law. The School District is required to provide a written report to the Trustee of the balance in each account in the Project Fund not less than 90 days prior to the third anniversary of the Closing Date for the related series of Certificates. Any balance remaining in an account of the Project Fund on the third anniversary of the Closing Date for the related series of Certificates must be transferred by the School District to the Trustee for deposit in the Redemption Account; provided, that upon delivery to the Trustee of a Tax Opinion and except as otherwise provided in the related Supplemental Lease, the School District may instead (i) retain those amounts in the account to be used to pay Project Costs relating to Other Facilities or (ii) pay those amounts to the Trustee for deposit to the Redemption Account or the Lease Payment Account as directed in writing by the School District. Any amounts so paid to the Trustee by the School District are to be applied to the extent possible by the Trustee, if to the Redemption Account, to the redemption of Certificates in accordance with the provisions of the Trust Agreement and the applicable provisions of any related Supplemental Trust Agreement, and, if to the Lease Payment Account, in accordance with the Trust Agreement. If the Lease is terminated because of non-appropriation, the School District is required under the Lease to transfer any money in the Project Fund to the Trustee for deposit in the Redemption Account.

Title

The Lessor will retain its leasehold interest in the Leased Property during the term of the Ground Lease. The Lessor and the School District agree that the Ground Lease, the Lease or any other appropriate documents may be filed or recorded to evidence the parties' respective interests in the Leased Property and the Lease. The rights and interest of the Lessor in those documents, except for Unassigned Rights, will be assigned to the Trustee.

Use, Maintenance and Repair

The School District, at its expense, will: (i) comply with all laws, insurance policies and regulations applicable to and obtain all permits and licenses necessary for the use, maintenance, repair and operation of the Leased Property; and (ii) pay all costs, claims, damages, fees, and all utilities and other charges arising out of the possession, operation, maintenance and use of the Leased Property.

The School District, at its expense, will keep or cause to be kept the Leased Property in good order and condition (ordinary wear and tear excepted), and make all necessary, proper or appropriate repairs, replacements and renewals thereof, interior, exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen.

During each Lease Term and for a period of 45 days after any Termination Date and 30 days after any other termination of the Lease, the Trustee may not impair the School District's abilities to operate or maintain the Leased Property in sound operating condition so that the School District may use the Leased Property to carry out its intended functions.

The School District will promptly comply with all rights of way or use, privileges, franchises, servitudes, licenses, easements, tenements, hereditaments and appurtenances forming a part of the Leased Property and all instruments creating or evidencing the same, in each case, to the extent compliance therewith is required of the School District under the terms of this Lease. The School District will not do, or permit to be done, any act or thing that might materially impair the value of the Leased Property, will not commit or permit any material waste of the Leased Property, and will not permit any unlawful or unauthorized occupation, business or trade to be conducted on the Leased Property.

Modifications and Improvements

The School District, at its expense but Subject to Appropriation and Certification, will keep or cause to be kept the Leased Property in good order and condition (ordinary wear and tear excepted), and make, or cause to be made, all necessary, proper or appropriate repairs, replacements and renewals thereof, interior, exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen. The Lessor has no responsibility for such maintenance or repair. The Lessor agrees, however, that during the Lease Term and for the applicable period of time designated in the Lease after termination of the Lease, it will not impair the School District's ability to operate or maintain the Project Facilities in sound operating condition.

The School District, at its discretion and at its expense, may make any additions, modification or improvements to the Leased Property that it deems desirable for the purposes of the Leased Property, provided that (i) no such additions, modifications or improvements will, upon completion, impair the operative utility or materially impair the operative utility of the Leased Property, and (ii) the undertaking and completion of such addition, modification and improvement will not cause the aggregate value of the Leased Property to be reduced below the net present value of the then remaining Lease Payments, assuming renewal of the Lease through the final Lease Term. All additions, modifications and improvements so made to the Leased Property by the School District will become and be deemed to constitute a part of the Leased Property. From time to time, the School District, in its discretion and at its expense, may remove existing improvements constituting a portion of the Leased Property without replacing such improvements, provided that (y) no such removal shall, upon completion, materially impair the operative utility of the remaining Leased Property, and (z) the removal of such improvements will not cause the aggregate value of the Leased Property to be reduced below the net present value of the then remaining Lease Payments, assuming renewal of the Lease through the final Lease Term.

Personal Property

Any personal property included in the Project Facilities is and will remain personal property under all circumstances. The School District may from time to time, in its discretion and at its expense, install the School District's own personal property in addition to the Project Facilities, in or upon the Leased Property. All such items so installed will be and remain the sole property of the School District and will not be deemed part of the Leased Property. The School District may, at any time, remove from the Leased Property any such property. If any such removal causes damage to any portion of the Leased Property, the School District will restore the same or repair such damage at its expense.

Substitutions and Removals

If the School District, in its reasonable discretion, determines that any item of personal property constituting a part of the Project Facilities has become inadequate, obsolete, worn-out, unsuitable, undesirable, or unnecessary or should be replaced, the School District may remove such item, provided that such removal (taking into account any substitutions) will not impair the operative utility of the Project Facilities and will not damage the Project Facilities, and provided

further that the School District will substitute and install other items of property having an equal or greater utility and value (but not necessarily the same property function in the operation of the Project Facilities) as the removed property, which substituted property will be free from all liens and encumbrances and will become part of the Project Facilities. Notwithstanding the foregoing, in the event of removal of personal property constituting Project Facilities due to the removal of improvements without replacement, the School District will not be obligated to replace such personal property so long as the School District is in compliance with the requirements of the Lease regarding removal of improvements without replacement. No removal under the Lease will adversely affect the School District's obligation to make Lease Payments.

Insurance

The School District agrees to keep the Leased Property continuously insured during each Lease Term with Required Property Insurance Coverage in the amount not less than the then outstanding principal amount of the Certificates. Insurance may be obtained with any loss deductible commonly used by the School District. The School District will self-insure to the extent required to cover any loss deductible under such casualty insurance.

The School District will during each Lease Term keep and maintain Required Public Liability Insurance Coverage with reference to the Leased Property with coverage of a sufficient amount to meet the obligations of the School District.

Any insurance will be obtained and maintained by means of policies with nationally recognized, responsible insurance companies or in conjunction with other companies through an insurance trust or through self-insurance or other arrangements satisfactory to the Lessor. The insurance (other than self-insurance) to be provided may be by blanket policies. Each policy of insurance will be written so as not to be subject to cancellation or substantial modification upon less than 45 days' advance written notice to the Lessor. The School District will deposit with the Lessor and the Trustee certificates or other evidence satisfactory to the Lessor that the insurance required by the Lease has been obtained and is in full force and effect and that all premiums on the insurance have been paid in full. Upon the expiration of any such insurance, the School District will furnish the Lessor with evidence satisfactory to the Lessor that such insurance has been renewed or replaced and that all premiums on that insurance have been paid in full.

All insurance policies providing the Required Property Insurance Coverage will contain standard mortgage clauses, will be in amounts and with deductibles generally maintained nationally for such type of property and will name the Lessor as an additional loss payee. All settlements resulting from any claim for loss or damage will be adjusted with the School District and made payable to the School District subject to the provisions of the Lease. Any proceeds of policies providing Required Public Liability Insurance Coverage will be applied toward the extinguishment or satisfaction of the liability with respect to which such insurance proceeds have been paid and any excess will be retained by the School District.

Risk of Loss; Liability

The School District assumes all risk of loss of or damage to the Leased Property. No loss of or damage to, or appropriation by governmental authorities of, or defect in or unfitness or obsolescence of, the Leased Property will relieve the School District of the obligation to make Lease Payments during a Lease Term or to perform any other obligation under the Lease.

To the extent permitted by law, the School District will bear the risk of loss for, will pay directly, and will defend against any and all claims, liabilities, proceedings, actions, expenses, damages or losses in any case in which the School District, its agents or employees are liable to a claimant arising with respect to the possession, ownership, lease, use or operation thereof by the

School District of the Leased Property during a Lease Term; except that the School District will not bear the risk of loss of, nor pay for, any claims, liabilities, proceedings, actions, expenses, damages or losses that arise directly from events occurring after the School District has surrendered the Leased Property to the Lessor under the Lease or that arise directly from the gross negligence or willful misconduct of the Lessor.

Eminent Domain

If title to or the temporary use of the Leased Property is taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under any governmental authority, the School District will promptly notify the Lessor and describe the nature and extent of such taking. Any Net Proceeds received from any eminent domain award that are not used to acquire replacement property constituting part of the Leased Property will, if received prior to the end of the Lease Term, be paid to the Trustee and held and applied in accordance with the Trust Agreement.

Assignments

The School District may not without the prior written consent of the Lessor and receipt of a Tax Opinion: (a) assign, transfer, pledge, hypothecate or grant any security interest in or otherwise dispose of the Lease, or the Leased Property (without replacement or substitution as provided in the Lease) or any interest in the Lease or the Leased Property, or (b) sublease the Leased Property or permit it to be operated by anyone other than the School District, the School District's employees or persons authorized by the School District in connection with the School District's operation and maintenance of the Leased Property. Notwithstanding the foregoing restrictions, the School District may from time to time sublease certain portions of the Leased Property for unrelated purposes (including, without limitation, siting of telecommunications and alternative energy facilities) without the consent of the Lessor, so long as such sublease does not (i) materially interfere with or impair the operations being conducted on the Leased Property and (ii) materially adversely affect the Lessor's rights under the Ground Lease and the Lease. Except pursuant to the Trust Agreement and the Assignment, the Lessor may not assign or grant a security interest in its interest in the Lease or the Leased Property without the School District's prior written consent.

Defaults and Remedies

The following are Events of Default under the Lease:

(a) the School District's failure to pay any Base Rent payment as it becomes due in accordance with the terms of the Lease; or

(b) the School District's failure to perform or observe any other covenant, condition or agreement to be performed or observed by it under the Ground Lease or the Lease, except as provided in the Lease, if the failure is not cured or steps satisfactory to the Lessor are not taken to cure the failure within 30 days after written notice of the failure to the School District by the Lessor, unless the Lessor agrees to an extension of time to cure.

Notwithstanding the foregoing, if, by reason of Force Majeure, the School District is unable to perform or observe any agreement, terms or condition of the Lease, other than its obligation to make Lease Payments, the School District will not be deemed in default during the continuance of such inability. The School District, however, is required to promptly give notice to the Lessor of the existence of any event of Force Majeure and to use its best efforts to eliminate or mitigate the effects thereof; except that settlement of strikes or other labor disturbances will be entirely within the School District's discretion.

Upon the occurrence and continuance of an Event of Default, the Lessor may, pursuant to the Lease, exercise any one or more of the following remedies:

(a) by 60 days' prior written notice to the School District, terminate the Lease and direct the School District to (and the School District agrees that it will), at the School District's expense, promptly return possession of the Leased Property to the Lessor, or, as to the School District's personal property included in the Project Facilities, and at the Lessor's option, enter upon the Leased Property and take immediate possession of and remove any or all of such personal property;

(b) after 60 days' prior written notice to the School District, sell or lease the Lessor's interest in the Leased Property or sublease the Leased Property for the account of the School District pursuant to the terms of the Lease, holding the School District liable for all applicable Lease Payments and other payments due during the then-current Fiscal Year to the effective date of such sale, lease or sublease and for the difference between the purchase price, rental and other amounts paid by the purchaser, School District or sublessee pursuant to such sale, lease or sublease and the amounts payable during the then-current Fiscal Year by the School District under the Lease;

(c) demand from the School District an accounting of the Project Fund and the return of all sums remaining in the Project Fund to the Lessor, and request the School District to assign all right, title and interest in the Contracts to the Lessor, upon which the School District will comply with such demands and requests; and

(d) exercise any other right, remedy or privilege that may be available to it under the applicable laws of the State or any other applicable law or proceed by appropriate court action to enforce the terms of the Lease or to recover damages for the breach of the Lease or to rescind the Lease as to the Leased Property.

The School District's payment obligations under the remedies available to the Lessor and pursuant to the Lease are Subject to Appropriation and Certification.

Amendments to Lease

The Trustee, as Trustee and as Lessor by assignment, may consent to any amendment, change or modification of the Lease as may be required by the provisions of the Lease or the Trust Agreement, including without limitation, Supplements to the Lease, (i) for the purpose of curing any ambiguity, inconsistency or formal defect or omission in the Lease, (ii) in connection with an amendment or to effect any purpose for which there could be an amendment of the Trust Agreement, (iii) for the purpose of amending the schedule of Lease Payments, in connection with the optional or extraordinary optional or extraordinary mandatory redemption of Certificates, or (iv) in connection with any other change therein that in the judgment of the Trustee is not to the prejudice of the Trustee or is not materially to the prejudice of the Owners of the Certificates.

Consent of the Owners of not less than a majority in aggregate principal amount of the Certificates at the time outstanding is required for: (i) any amendment, change or modification of the Lease that would change the amount or time as of which Lease Payments are required to be paid without the giving of notice as provided in this Section of the proposed amendment, change or modification and receipt of the written consent thereto of the Owners of all of the then outstanding Certificates; or (ii) any other amendment, change or modification of the Lease without the giving of notice as provided in this Section of the proposed amendment, change or modification and receipt of the written consent thereto of the Owners of not less than a majority in aggregate principal amount of the Certificates then outstanding.

The Assignment

The Assignment of Leases is being entered into between the Lessor as assignor and the Trustee as assignee, in its capacity as Trustee pursuant to the Trust Agreement between the Lessor and the Trustee, its successors and assigns. Under the Assignment, the Lessor assigns without recourse to the Trustee all its rights and interest, except for Unassigned Rights, under the Ground Lease and the Lease.

The Lessor authorizes and directs the School District, or any other or future lessees under the Lease or other users of a portion of the premises leased by the School District, to recognize the Trustee as lessee under the Ground Lease and as lessor under the Lease. By accepting the Assignment, the Trustee assumes no obligation, except as Lessor by assignment as set forth in the Trust Agreement, or liability of any kind in connection with the Ground Lease or the Lease. Unless provided otherwise in the Trust Agreement, the School District will be permitted to possess, use and enjoy the Leased Property to enable it to observe and perform its covenants, agreements and obligations under the Lease.

The Assignment continues in effect for the term of the Ground Lease including any extension or renewal thereof.

The Trust Agreement

Assignment

In order to secure the payment of the Certificates and the performance of the obligations contained in the Trust Agreement, the Lessor is assigning without recourse to the Trustee all its right, title and interest under the Ground Lease and the Lease in and to (a) the Revenues, (b) the Ground Lease, (c) the Lease and (d) the Leased Property.

Certificate Fund

The Trust Agreement creates the Certificate Fund as a separate deposit account in the custody of the Trustee consisting of a Lease Payment Account and a Redemption Account. There will be deposited in the Certificate Fund (and credited, as required by the Trust Agreement or the Lease, to appropriate Accounts therein) amounts transferred from the Project Fund pursuant to the Trust Agreement and the Base Rent to be paid by the School District to the Trustee under the terms of the Lease and the Assignment. The Certificate Fund (and the Accounts therein) and the money and Eligible Investments therein will be used solely and exclusively for the payment of Certificate Payments as they become due, except as otherwise provided in the Trust Agreement. The Trustee will transmit to itself as Paying Agent from money in the Certificate Fund, amounts sufficient to make timely payments of Certificate Payments. Certificate Payments will be payable as they become due in the following order, (a) in the first instance from the Base Rent to be paid directly by the School District to the Trustee pursuant to the terms of the Lease and the Assignment and to be deposited in the Lease Payment Account in the Certificate Fund, (b) if those Base Rent payments are not made or if money then on deposit in the Certificate Fund, and available for that purpose is not sufficient to pay the Certificate Payments, from other Revenues to the extent then available, and (c) from any other source lawfully available to the Trustee, including, without limitation, proceeds from the lease, sale or liquidation of the Leased Property in accordance with the Lease. Payments of Base Rent under the Lease, proceeds of insurance, if any, or condemnation and all other money derived from the lease, sale, sublease or other disposition of the Leased Property, and such other amounts as may be paid to the Trustee as assignee of the Lessor pursuant to the Lease and to the Assignment will be immediately deposited by the Trustee in the Lease Payment Account as provided in the Lease.

The Trustee will apply amounts in the Redemption Account to redeem the Certificates pursuant to written direction from the School District and the provisions of the Trust Agreement. Upon the occurrence and continuance of an Event of Default, the Trustee will apply the money in the Redemption Account in accordance with the Trust Agreement.

Issuance Expense Fund

The Trust Agreement creates the Issuance Expense Fund as a separate deposit account in the custody of the Trustee. There may be deposited in the appropriate subaccounts in the Issuance Expense Fund a portion of the proceeds received upon the original delivery of each series of Certificates. The Trustee will use the money and Eligible Investments in the Issuance Expense Fund for the payment of costs of issuing Certificates. Any balance remaining in the Issuance Expense Fund on the six-month anniversary of the Closing Date will be at the direction of the School District be paid to the School District for deposit in the related account in the Project Fund or transferred to the Lease Payment Account.

Investment of Funds

Any money held in the Certificate Fund and the Issuance Expense Fund will, at the direction of the School District, be invested or reinvested by the Trustee in Eligible Investments. Any money held in the Sinking Fund will, at the direction of the School District, be invested or reinvested by the Trustee in Defeasance Obligations.

An investment made from money credited to the Certificate Fund, the Issuance Expense Fund or the Sinking Fund will constitute part of that respective Fund and such respective Fund will be credited with all proceeds of sale and income from such investment.

Defeasance

When all the Certificate Payments have been paid or provision has been made for such payment of all amounts and provision has been made for payment of all amounts due under the Lease and the Trust Agreement, then the Trust Agreement (except for certain provisions thereof that need to remain operative, such as those relating to the holding of funds for the benefit of particular Owners or for the School District) will cease, determine and become null and void, and the covenants, agreements and other obligations of the Trustee thereunder will be released, discharged and satisfied. Thereupon, the Trustee will release the Trust Agreement and sign and deliver to the School District such instruments in writing as will be required to evidence such release and discharge as may be reasonably required by the School District. The Trustee will transfer and deliver to the School District any property in its possession that is, at that time, subject to the lien of the Trust Agreement, except amounts remaining in the Certificate Fund that are required pursuant to the Trust Agreement to be held by the Trustee or otherwise for payment of the Certificate Payments.

All the Outstanding Certificates will be deemed to have been paid and discharged within the meaning of the Trust Agreement if the Trustee has received, in trust for and irrevocably committed thereto, sufficient money or Defeasance Obligations that are certified by an independent public accounting firm to be of such maturities or redemption dates and payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient together with money referred to above, for the payment of all Certificate Payments on those Certificates, at their maturity or redemption dates, including all payments, if any, due but not paid as a result of a default in payment, together with a Tax Opinion.

Events of Default

The following are Events of Default under the Trust Agreement:

- (a) payment of any principal of or interest evidenced by any Certificate or any premium thereon is not made when and as that principal or interest becomes due and payable, whether at stated maturity or by redemption;
- (b) the occurrence and continuance of an Event of Default as defined in the Lease (see **Description of Documents – The Lease-Purchase Agreement – Defaults and Remedies**);
- (c) the Lease is not renewed for any Renewal Term as provided for in the Lease.

Remedies

Upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy to enforce the payment of Certificate Payments or the observance and performance of any other covenant, agreement or obligation under the Trust Agreement, the Lease or any other instrument providing security, directly or indirectly, for the Certificates; provided, however, that there will be no right under any circumstances to accelerate the maturities of the Certificates or otherwise to declare any Base Rent payment not then past due or in default to be immediately due and payable. If, upon the occurrence and continuance of an Event of Default, the Trustee is requested to do so by the Owners of at least 25% in aggregate principal amount of Certificates outstanding, the Trustee will exercise one or more rights and powers conferred by the Trust Agreement as the Trustee advised by Counsel deems to be in the interests of the Owners of those Certificates.

No remedy conferred upon or reserved to the Trustee (or to the Owners) by the Trust Agreement is intended to be exclusive of any other remedy. Each remedy will be cumulative and will be in addition to every other remedy given under the Trust Agreement or otherwise to the Trustee or to the Owners now or hereafter existing.

No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default will impair that remedy, right or power or will be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be exercised from time to time and as often as may be deemed to be expedient.

Right of Certificate Owners to Direct Proceedings

The Owners of a majority in aggregate principal amount of Certificates then outstanding will have the right at any time to direct, by instruments or documents in writing signed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Trust Agreement or any other proceedings under the Trust Agreement. Each such direction, however, must be in accordance with the provisions of law and the Trust Agreement, and the Trustee must be indemnified to its satisfaction. The Trustee may take any other action that it deems to be proper and that is not inconsistent with the direction.

Rights and Remedies of Certificate Owners

The Owner of any Certificate will not have any right to institute any suit, action or proceeding for the enforcement of the Trust Agreement, for the execution of any trust under the

Trust Agreement or for the exercise of any other remedy under the Trust Agreement, unless (a) an Event of Default under the Trust Agreement has occurred and is continuing, of which the Trustee has been notified or is deemed to have notice, (b) the Owners of not less than 25% in aggregate principal amount of Certificates then outstanding have made written request to the Trustee and have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers provided in the Trust Agreement or to institute such action, suit or proceeding in its own name and have offered to the Trustee indemnity as provided in the Trust Agreement, and (iii) the Trustee thereafter has failed or refused to exercise its remedies, rights and powers under the Trust Agreement or to institute such action, suit or proceeding in its own name.

Waivers of Events of Default

Except as described herein, at any time, the Trustee in its discretion may waive any Event of Default under the Trust Agreement and its consequences. The Trustee will do so upon the written request of the Owners of (a) at least a majority in aggregate principal amount of all Certificates then outstanding in respect of which an Event of Default in the payment of Certificate Payments exists or (b) at least 25% in aggregate principal amount of all Certificates then outstanding, in the case of any other Event of Default under the Trust Agreement.

There will not be so waived, however, any Event of Default described in item (a) of **The Trust Agreement – Events of Default** herein, unless at the time of that waiver payments of all Certificate Payments then due and payable have been made or provision has been made therefor. In the case of the waiver, or in case any suit, action or proceedings taken by the Trustee on account of any Event of Default under the Trust Agreement has been discontinued, abandoned or determined adversely to it, the Trustee and the Owners will be restored to their former positions and rights under the Trust Agreement. No waiver will extend to any subsequent or other Event of Default or impair any right consequent thereon.

Application of Money

All money received by the Trustee pursuant to any remedial action taken under the Trust Agreement, the Lease or the Assignment will be applied first to the payment of the costs, expenses, liabilities, and advances paid, incurred or made by the Trustee in the collection of the money. The balance of such money will be deposited in the Certificate Fund and applied to the payment of principal of, premium, if any, and interest on the Certificates, in the order of priority set forth in the Trust Agreement.

Supplemental Trust Agreements

The Lessor and the Trustee may enter into supplemental trust agreements, without the consent of or notice to any of the Owners, for the delivery of Additional Certificates or for any one or more of the following purposes:

- (a) to cure any ambiguity, inconsistency or formal defect or omission in the Trust Agreement;
- (b) to grant to or confer upon the Trustee for the benefit of the Owners additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Owners or the Trustee;
- (c) to assign additional revenues under the Trust Agreement;
- (d) to accept security and instruments and documents of further assurance with respect to the Leased Property;

(e) to add to the covenants, agreements and obligations under the Trust Agreement, other covenants, agreements and obligations to be observed for the protection of the Owners, or to surrender or limit any right, power or authority reserved to or conferred in the Trust Agreement;

(f) to evidence any succession to the Trustee and the assumption by its successor of the covenants, agreements and obligations of the Trustee under the Trust Agreement and the Certificates;

(g) to provide for the delivery and registration of the Certificates in other than book-entry form, subject to a Tax Opinion relating to that delivery and registration;

(h) to permit the Trustee to comply with any obligations imposed upon it by law;

(i) to specify further the duties and responsibilities of, and to define further the relationship among, the Trustee, the Registrar and the Paying Agent;

(j) to achieve compliance of the Trust Agreement with any applicable federal securities or tax law;

(k) to make amendments to the provisions of the Trust Agreement relating to matters under the Code, subject to a Tax Opinion relating to those amendments; and

(l) to permit any other amendment that, in the judgment of the Trustee, is not materially to the prejudice of the Trustee or the Owners.

Exclusive of supplemental agreements for the purposes above stated, the consent of the Owners of not less than a majority in aggregate principal amount of the Certificates then outstanding will be required to approve any supplemental trust agreement, provided that no supplemental trust agreement may permit: (a) an extension of the maturity of the principal of or the interest on any Certificate, or a reduction in the principal amount of any Certificate, or the rate of interest or premium on any Certificate, or a reduction in the amount or extension of the time of payment required by any mandatory sinking fund requirements of the Trust Agreement, without the consent of the Owner of each Certificate so affected, or (b) the creation of a privilege or priority of any Certificate over any other Certificate, or a reduction in the aggregate principal amount of Certificates required for consent to such supplemental trust agreement, without the consent of the Owners of all of the Certificates then outstanding. In addition, the School District must consent to any supplemental trust agreement that materially adversely affects the School District.