

**AUBURN VOCATIONAL SCHOOL DISTRICT
LAKE COUNTY**



SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2021

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Education
Auburn Vocational School District
8140 Auburn Road
Concord Township, Ohio 44077

We have reviewed the *Independent Auditor's Report* of Auburn Vocational School District, Lake County, prepared by Plattenburg & Associates, Inc., for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

December 30, 2021

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**AUBURN VOCATIONAL SCHOOL DISTRICT
LAKE COUNTY
FOR THE YEAR ENDED JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

Auburn Vocational School District
Lake County
8140 Auburn Road
Concord Township, Ohio 44077

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Auburn Vocational School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2021, on our consideration of the District'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

December 21, 2021

Auburn Vocational School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

The discussion and analysis of Auburn Vocational School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- Net position of governmental activities increased \$963,057 from 2020.
- General revenues accounted for \$10,389,533 in revenue or 74% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,590,689 or 26% of total revenues of \$13,980,222.
- The District had \$13,017,165 in expenses related to governmental activities; \$3,590,689 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$10,389,533 were also used to provide for these programs.

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

These two statements report the District's *net position* and changes in the net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both

**Auburn Vocational School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, overall financial position of the District is presented in the following manner:

- **Governmental Activities** – The District's programs and services are reported here including instruction, support services, operation of non-instructional services, and extracurricular activities.

Fund Financial Statements

The analysis of the District's major funds are presented in the Fund Financial Statements. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

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

Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District does not have any fiduciary funds.

The District as a Whole

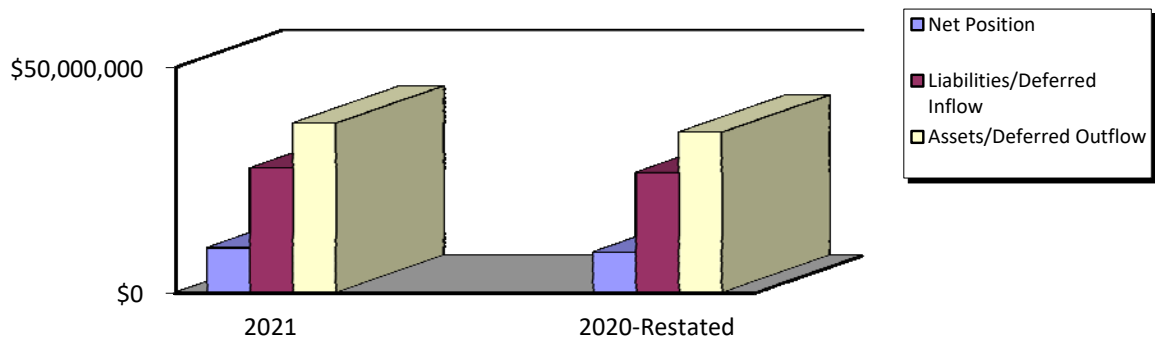
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2021 compared to 2020:

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Auburn Vocational School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Table 1
Net Position

	Governmental Activities	
	2021	2020 - Restated
Assets:		
Current and Other Assets	\$17,065,263	\$14,737,012
Net OPEB Asset	569,640	558,673
Capital Assets	17,869,595	18,132,376
Total Assets	35,504,498	33,428,061
Deferred Outflows of Resources:		
OPEB	239,964	169,844
Pension	1,780,928	1,902,137
Total Deferred Outflows of Resources	2,020,892	2,071,981
Liabilities:		
Other Liabilities	2,495,913	1,537,968
Long-Term Liabilities	17,617,872	16,912,199
Total Liabilities	20,113,785	18,450,167
Deferred Inflows of Resources:		
Property Taxes	5,322,749	5,633,452
OPEB	1,401,785	1,233,137
Pension	745,946	1,288,537
Total Deferred Inflows of Resources	7,470,480	8,155,126
Net Position:		
Net Investment in Capital Assets	12,981,134	12,747,376
Restricted	310,408	255,069
Unrestricted	(3,350,417)	(4,024,377)
Total Net Position	\$9,941,125	\$8,978,068



Auburn Vocational School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the District's assets and deferred outflows exceeded liabilities and deferred inflows by \$9,941,125.

At year-end, capital assets represented 50% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. Net investment in capital assets at June 30, 2021, totaled \$12,981,134. These capital assets are used to provide services to the students and are not available for future spending.

A portion of the District's net position, \$310,408 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current assets increased due to an increase in equity in pooled cash and investments, in fiscal year 2021 as compared to fiscal year 2020. Capital assets decreased due to depreciation being greater than additions for the year. Total liabilities increased slightly due to the net pension and OPEB liability increasing.

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

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**Auburn Vocational School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

**Table 2
Changes in Net Position**

	Governmental Activities	
	2021	2020 - Restated
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$1,579,253	\$1,291,170
Operating Grants and Contributions	2,011,436	1,360,102
Total Program Revenues	3,590,689	2,651,272
General Revenues:		
Property Taxes	7,069,711	6,129,116
Grants and Entitlements	3,015,469	3,004,925
Other	304,353	601,015
Total General Revenues	10,389,533	9,735,056
Total Revenues	13,980,222	12,386,328
Program Expenses:		
Instruction	7,296,630	5,974,199
Support Services:		
Pupil and Instructional Staff	1,260,527	1,125,175
School Administrative, General Administration, Fiscal and Business	2,152,650	2,307,042
Operations and Maintenance	1,680,406	2,241,941
Pupil Transportation	7,978	7,474
Central	162,607	232,120
Operation of Non-Instructional Services	186,593	264,971
Extracurricular Activities	51,944	9,152
Interest and Fiscal Charges	217,830	176,883
Total Program Expenses	13,017,165	12,338,957
Changes in Net Position	963,057	47,371
Net Position - Beginning of Year - Restated	8,978,068	8,930,697
Net Position - End of Year	\$9,941,125	\$8,978,068

The District revenues came from mainly two sources. Property taxes levied for general purposes and debt service, as well as grants and entitlements comprised 72% of the District's revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Auburn Vocational School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Property taxes made up 51% of governmental activities for the District in fiscal year 2021. The District’s reliance upon tax revenues is demonstrated in the following graph:

Governmental Activities
Revenue Sources

Revenue Sources	2021	Percent of Total
General Grants	\$3,015,469	21.6%
Program Revenues	3,590,689	25.7%
General Tax Revenues	7,069,711	50.6%
Investment Earnings	15,889	0.1%
Other Revenues	288,464	2.0%
	<u>\$13,980,222</u>	<u>100.0%</u>



Instruction comprises 56% of governmental program expenses. Support services expenses were 42% of governmental program expenses. All other expenses were 2%.

Property tax revenues increased from the prior year mainly due to an increase in property tax advances available. Total expenses decreased due to changes related to net pension liability and other post employment benefits liability.

Governmental Activities

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2021	2020-Restated	2021	2020-Restated
Instruction	\$7,296,630	\$5,974,199	(\$4,892,001)	(\$4,352,704)
Support Services:				
Pupil and Instructional Staff	1,260,527	1,125,175	(947,402)	(881,830)
School Administrative, General				
Administration, Fiscal and Business	2,152,650	2,307,042	(1,715,479)	(1,842,619)
Operations and Maintenance	1,680,406	2,241,941	(1,414,351)	(2,044,075)
Pupil Transportation	7,978	7,474	(7,978)	(7,474)
Central	162,607	232,120	(162,607)	(232,120)
Operation of Non-Instructional Services	186,593	264,971	(51,243)	(140,828)
Extracurricular Activities	51,944	9,152	(17,585)	(9,152)
Interest and Fiscal Charges	217,830	176,883	(217,830)	(176,883)
Total Expenses	<u>\$13,017,165</u>	<u>\$12,338,957</u>	<u>(\$9,426,476)</u>	<u>(\$9,687,685)</u>

**Auburn Vocational School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

The District's Funds

The District has two major funds: the General Fund and the Adult Education Fund. Assets of the general fund comprised \$15,857,979 (87%), and assets of the adult education fund comprised \$394,228 (2%) of the total \$18,205,491 governmental funds' assets.

General Fund: Fund balance at June 30, 2021 was \$7,990,073 including \$6,960,101 of unassigned balance. The primary reason for the increase in fund balance is due to the decrease in support services when compared to 2020.

Adult Education Fund: Fund balance at June 30, 2021 was (\$469,700), which is an increase of \$367,645 from 2020. The primary reason for the increase in fund balance was due to an increase in tuition and fees revenues when compared to the prior year.

General Fund Budgeting Highlights

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

During the course of fiscal year 2021, the District amended its general fund budget. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, the original budget basis revenue was \$9,842,876, compared to final budget estimates of \$9,995,980. Of this \$153,104 difference, most was due to underestimating taxes and intergovernmental revenues in the original budget.

For the General Fund, the original budget basis expenditures were \$8,485,128 compared to final budget estimates of \$7,994,719. The difference between the original budget basis and final budget was due to overestimating instructional and operations and maintenance expenditures.

The District's ending unobligated actual fund balance for the general fund was \$7,790,601.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2021, the District had \$17,869,595 invested in land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. Table 4 shows fiscal 2021 balances compared to 2020:

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Auburn Vocational School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

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

	Governmental Activities	
	2021	2020
Land	\$2,108,587	\$2,089,087
Construction in Progress	207,953	1,092,272
Land Improvements	866,035	925,791
Buildings and Improvements	13,369,408	12,865,143
Furniture, Fixtures and Equipment	1,257,508	1,114,216
Vehicles	60,104	45,867
Total Net Capital Assets	<u>\$17,869,595</u>	<u>\$18,132,376</u>

The overall decrease in capital assets is due to current year depreciation expense exceeding current year additions.

See Note 8 to the basic financial statements for further details on the District's capital assets.

Debt

At June 30, 2021, the District had \$5,988,000 in bonds and capital leases outstanding, \$717,000 due within one year. Table 5 summarizes bonds and capital leases outstanding at year end.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2021	2020
Bonds Payable:		
2011 School Improvement Bond	\$ 1,095,000	\$ 1,290,000
2012 School Improvement Bond	1,010,000	1,165,000
2012 School Improvement Bond, Series B	280,000	320,000
2018 School Improvement Bond	1,475,000	1,570,000
2021 School Improvement Bond	1,168,000	0
Capital Lease Payable:		
Capital Leases	960,000	1,040,000
	<u>\$5,988,000</u>	<u>\$5,385,000</u>

See Notes 18 and 19 to the basic financial statements for further details on the District's long term liabilities.

For the Future

The District has a strong financial position. The Board of Education and the administration closely monitor the District's revenues and expenditures in accordance with its financial forecast and the District's Continuous Improvement Plan. The District's financial future is not without challenges, though.

**Auburn Vocational School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

The nature of school funding in Ohio severely restricts the growth in the District's operating revenues and requires the District periodically seek additional funds from the taxpayers to offset rising operating costs.

In addition, the problem of limited growth in revenue, school districts are faced with the challenge of losing traditional sources of tax revenue through the Ohio General Assembly legislative actions.

Financial aid from the State of Ohio through the State Foundation Program has not been a major source of operating revenue for the District. Because the District is considered a wealthy district in terms of property values, it receives a relatively small amount of revenue from the State to fund operating expenses.

As a result of the challenges mentioned above, the District's administration and the District Finance Committee continue to carefully plan its expenditures to provide adequate resources to meet student needs over the next several years. The administration and the District's Task Force are currently reviewing all programs and services provided to students with the goal of reducing operating costs.

Contacting the District's Financial Management

This report is designed to provide our citizens, taxpayers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Treasurer, at Auburn Vocational School District, 8140 Auburn Road, Concord Township, Ohio 44077.

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Auburn Vocational School District, Ohio
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$10,013,849
Receivables:	
Taxes	6,689,481
Accounts	14,892
Intergovernmental	256,545
Accrued Interest	7,942
Property Held for Resale	80,238
Prepaid Items	2,316
Net OPEB Asset	569,640
Nondepreciable Capital Assets	2,316,540
Depreciable Capital Assets, Net	<u>15,553,055</u>
 Total Assets	 <u>35,504,498</u>
 Deferred Outflows of Resources:	
Pension	1,780,928
OPEB	<u>239,964</u>
 Total Deferred Outflows of Resources	 <u>2,020,892</u>
 Liabilities:	
Accounts Payable	159,848
Contracts Payable	165,514
Accrued Interest Payable	13,503
Accrued Wages	671,002
Accrued Liabilities Payable	1,486,046
Long-Term Liabilities:	
Due Within One Year	754,580
Due In More Than One Year:	
Net Pension Liability	10,321,541
Net OPEB Liability	792,860
Other Amounts	<u>5,748,891</u>
 Total Liabilities	 <u>20,113,785</u>
 Deferred Inflows of Resources:	
Property Taxes	5,322,749
Pension	745,946
OPEB	<u>1,401,785</u>
 Total Deferred Inflows of Resources	 <u>7,470,480</u>
 Net Position:	
Net Investment in Capital Assets	12,981,134
Restricted for:	
Capital Projects	34,744
Locally Funded Programs	72,759
State Funded Programs	10,880
Federally Funded Programs	109,962
Food Service Operations	8,629
Student Activities	61,676
Other Purposes	11,758
Unrestricted	<u>(3,350,417)</u>
 Total Net Position	 <u>\$9,941,125</u>

See accompanying notes to the basic financial statements.

Auburn Vocational School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Special	\$109,912	\$0	\$0	(\$109,912)
Vocational	5,615,994	54,704	379,628	(5,181,662)
Adult/Continuing	1,570,724	946,421	1,023,876	399,573
Support Services:				
Pupil	1,125,430	7,519	294,834	(823,077)
Instructional Staff	135,097	0	10,772	(124,325)
Board of Education	127,126	0	0	(127,126)
Administration	1,460,077	305,659	87,689	(1,066,729)
Fiscal	565,083	34,198	9,625	(521,260)
Business	364	0	0	(364)
Operations and Maintenance	1,680,406	182,465	83,590	(1,414,351)
Pupil Transportation	7,978	0	0	(7,978)
Central	162,607	0	0	(162,607)
Other Non-Instructional Services	186,593	13,928	121,422	(51,243)
Extracurricular Activities	51,944	34,359	0	(17,585)
Interest and Fiscal Charges	217,830	0	0	(217,830)
Totals	\$13,017,165	\$1,579,253	\$2,011,436	(9,426,476)

General Revenues:

Property Taxes Levied for:

General Purposes	6,316,285
Debt Service Purposes	753,426
Grants and Contributions not restricted	3,015,469
Investment Earnings	15,889
Other Revenues	288,464

Total General Revenues 10,389,533

Change in Net Position 963,057

Net Position - Beginning of Year, Restated 8,978,068

Net Position - End of Year \$9,941,125

See accompanying notes to the basic financial statements.

Auburn Vocational School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2021

	General	Adult Education	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$7,937,810	\$379,336	\$1,696,703	\$10,013,849
Receivables:				
Taxes	6,689,481	0	0	6,689,481
Accounts	0	14,892	0	14,892
Intergovernmental	0	0	256,545	256,545
Accrued Interest	7,942	0	0	7,942
Interfund	1,140,228	0	0	1,140,228
Property Held for Resale	80,238	0	0	80,238
Prepaid Items	2,280	0	36	2,316
Total Assets	15,857,979	394,228	1,953,284	18,205,491
Liabilities:				
Accounts Payable	43,352	8,928	107,568	159,848
Contracts Payable	38	0	165,476	165,514
Accrued Wages	661,035	0	9,967	671,002
Interfund Payable	0	855,000	285,228	1,140,228
Accrued Liabilities Payable	1,486,046	0	0	1,486,046
Total Liabilities	2,190,471	863,928	568,239	3,622,638
Deferred Inflows of Resources:				
Property Taxes	5,675,375	0	0	5,675,375
Grants	0	0	26,984	26,984
Investment Earnings	2,060	0	0	2,060
Total Deferred Inflows of Resources	5,677,435	0	26,984	5,704,419
Fund Balances:				
Nonspendable	938,137	0	36	938,173
Restricted	0	0	1,386,794	1,386,794
Committed	0	0	16,790	16,790
Assigned	91,835	0	0	91,835
Unassigned	6,960,101	(469,700)	(45,559)	6,444,842
Total Fund Balances	7,990,073	(469,700)	1,358,061	8,878,434
Total Liabilities, Deferred Inflows and Fund Balances	\$15,857,979	\$394,228	\$1,953,284	\$18,205,491

See accompanying notes to the basic financial statements.

Auburn Vocational School District, Ohio
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2021

Total Governmental Fund Balance		\$8,878,434
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets used in the operation of Governmental Funds		17,869,595
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	352,626	
Interest	2,060	
Intergovernmental	26,984	
		<u>381,670</u>
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(13,503)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(515,471)
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	1,780,928	
Deferred inflows of resources related to pensions	(745,946)	
Deferred outflows of resources related to OPEB	239,964	
Deferred inflows of resources related to OPEB	(1,401,785)	
		<u>(126,839)</u>
Long-term liabilities and net OPEB assets are not available to pay for current period expenditures and are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB Asset	569,640	
Net Pension Liability	(10,321,541)	
Net OPEB Liability	(792,860)	
Other Amounts	(5,988,000)	
		<u>(16,532,761)</u>
Net Position of Governmental Activities		<u><u>\$9,941,125</u></u>

See accompanying notes to the basic financial statements.

Auburn Vocational School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Adult Education	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and Other Taxes	\$6,282,959	\$0	\$753,426	\$7,036,385
Tuition and Fees	54,704	1,338,044	0	1,392,748
Investment Earnings	17,170	0	0	17,170
Intergovernmental	3,098,594	376,603	1,788,085	5,263,282
Extracurricular Activities	0	0	34,359	34,359
Charges for Services	8,888	0	5,040	13,928
Other Revenues	178,589	98,005	150,088	426,682
Total Revenues	9,640,904	1,812,652	2,730,998	14,184,554
Expenditures:				
Current:				
Instruction:				
Special	111,738	0	0	111,738
Vocational	5,107,451	0	168,162	5,275,613
Adult/Continuing	0	988,951	625,431	1,614,382
Support Services:				
Pupil	862,971	7,290	292,154	1,162,415
Instructional Staff	750	0	8,395	9,145
Board of Education	127,797	0	0	127,797
Administration	1,204,618	318,669	765	1,524,052
Fiscal	540,893	35,560	0	576,453
Business	364	0	0	364
Operations and Maintenance	1,208,376	46,009	51,734	1,306,119
Pupil Transportation	7,719	0	0	7,719
Central	123,807	0	0	123,807
Other Non-Instructional Services	21,253	0	169,084	190,337
Extracurricular Activities	4,278	0	47,799	52,077
Capital Outlay	173,784	48,528	461,945	684,257
Debt Service:				
Principal Retirement	0	0	697,000	697,000
Interest and Fiscal Charges	0	0	168,326	168,326
Issuance Cost	0	0	50,000	50,000
Total Expenditures	9,495,799	1,445,007	2,740,795	13,681,601
Excess of Revenues Over (Under) Expenditures	145,105	367,645	(9,797)	502,953
Other Financing Sources (Uses):				
Issuance of Long-Term Capital-Related Debt	0	0	1,300,000	1,300,000
Transfers In	0	0	52,540	52,540
Transfers (Out)	(52,540)	0	0	(52,540)
Total Other Financing Sources (Uses)	(52,540)	0	1,352,540	1,300,000
Net Change in Fund Balance	92,565	367,645	1,342,743	1,802,953
Fund Balance - Beginning of Year, Restated	7,897,508	(837,345)	15,318	7,075,481
Fund Balance - End of Year	\$7,990,073	(\$469,700)	\$1,358,061	\$8,878,434

See accompanying notes to the basic financial statements.

Auburn Vocational School District, Ohio
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2021

Net Change in Fund Balance - Total Governmental Funds \$1,802,953

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

Governmental funds report capital asset additions as expenditures.
 However, in the statement of activities, the cost of those assets is
 allocated over their estimated useful lives as depreciation
 expense. This is the amount of the difference between capital
 asset additions and depreciation in the current period.

Capital assets used in governmental activities	788,129	
Depreciation Expense	<u>(1,050,910)</u>	
		(262,781)

Governmental funds report district pension and OPEB contributions
 as expenditures. However in the Statement of Activities, the cost
 of pension benefits earned net of employer contributions are
 reported as pension and OPEB expense.

Pension Contributions	726,503	
Pension Expense	(657,942)	
OPEB Contributions	16,561	
OPEB Expense	<u>121,467</u>	
		206,589

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

Delinquent Property Taxes	33,326	
Interest	(1,281)	
Intergovernmental	<u>(236,377)</u>	
		(204,332)

Repayment of bond and lease principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net position. 697,000

In the statement of activities interest expense is accrued when incurred;
 whereas, in governmental funds an interest expenditure is reported
 when due. 496

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

Compensated Absences		23,132
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Proceeds from debt issues are an other financing source in the funds,
 but a debt issue increases long-term liabilities in the statement
 of net position. (1,300,000)

Change in Net Position of Governmental Activities		<u>\$963,057</u>
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See accompanying notes to the basic financial statements.

Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 1 – Description of the District

The Auburn Vocational School District (the “District”) 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. Auburn Vocational School District is a joint vocational school district as defined by Section 3311.18 of the Ohio Revised Code. This District operates under an elected Board of Education (11 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of June 30, 2021 was 632. The District employed 46 certificated employees and 22 non-certificated full-time employees.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements are not misleading. The primary government of the District consists of only the funds of those organizational entities for which its elected governing body is financially accountable. For the District, this includes education, food service and maintenance of the District facilities.

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

The District is associated with an insurance purchasing pool, two jointly governed organizations, and claims servicing pool. These organizations are:

Insurance Purchasing Pools:

Ohio School Boards Association Workers’ Compensation Group Rating Program

Jointly Governed Organizations:

Ohio Schools Council

Lake Geauga Computer Association

Claims Servicing Pool:

Health Care Benefits Program of Lake County Schools Council

These organizations are presented in Notes 9, 13, and 14.

Note 2 – Summary of Significant Accounting Policies

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

Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

Adult Education Fund – The adult education special revenue fund is used to account for grants and tuition associated with providing education to adults.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District has no fiduciary funds.

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, 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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, grants, pension, OPEB plans and investment earnings. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance the fiscal year 2022 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Grants and investment earnings have been recorded as deferred inflows on the governmental fund financial statements. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. For more pension and OPEB related information, see Notes 10 and 11.

Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Expenses/Expenditures

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

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

Cash and Investments

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

Except for non-participating investment contracts, investments are reported at fair value, which is based on quoted market prices. Non-participating investment contracts are reported at cost.

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 District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during the fiscal year 2021 amounted to \$17,170 in the general fund.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months, not purchased from the pool, are reported as investments.

Restricted Assets

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

Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed. The District had \$2,316 of prepaid items for fiscal year 2021.

Capital Assets

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

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straightline method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land Improvements	5 - 20 years
Building and Building Improvements	10 - 50 years
Furniture and Equipment	5 - 10 years
Vehicles	10 years
Library and Text Books	6 years

Pensions/Other Postemployment Benefits (OPEB)

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

The current accounting standard requires School Districts to report their proportionate share of the net pension liability using the earning approach to pension accounting instead of the funding approach as previously used. The funding approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. Under the new standards, the net pension liability equals the District's proportionate share of each plan's collective present value of estimated future pension benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Pension obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. The unfunded portion of this benefit of exchange is a liability of the District. However, the District is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the plan.

There is no repayment schedule for the net pension liability. The District has no control over the changes in the pension benefits, contributions rate, and return on investments affecting the balance of the net pension liability. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means.

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

Accrued Liabilities and Long Term Obligations

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

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Fund Balance

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

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

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

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

Assigned – Assigned fund balance classifications are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. The purpose constraint that represents the intended use is established by the Board of Education or by their designated official. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District or by State statute. The Treasurer is authorized to assign fund balance using encumbrances for planned purchases, provided such amounts have been lawfully appropriated. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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

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

Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Interfund Activity

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

Estimates

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

Note 3 – Fund Balances

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

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Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Fund Balances	General	Adult Education	Other Governmental Funds	Total
Nonspendable on:				
Property Held for Resale	\$80,238	\$0	\$0	\$80,238
Unclaimed Monies	619	0	0	619
Prepays	2,280	0	36	2,316
Long Term Advances	855,000	0	0	855,000
Total Nonspendable	938,137	0	36	938,173
Restricted for:				
Lake County Family & Children Wellness Block	0	0	72,759	72,759
Adult Basic Education	0	0	22,786	22,786
Mscellaneous Federal Trants	0	0	60,192	60,192
Student Wellness and Success	0	0	10,880	10,880
Aspire Program	0	0	4,491	4,491
Scholarships	0	0	7,267	7,267
Student Managed Activities	0	0	61,676	61,676
Lunchroom	0	0	9,909	9,909
Construction Fund	0	0	1,136,834	1,136,834
Total Restricted	0	0	1,386,794	1,386,794
Committed to:				
Capital Projects	0	0	16,790	16,790
Total Committed	0	0	16,790	16,790
Assigned to:				
Public Schools	37,806	0	0	37,806
Encumbrances	54,029	0	0	54,029
Total Assigned	91,835	0	0	91,835
Unassigned	6,960,101	(469,700)	(45,559)	6,444,842
Total Fund Balance	\$7,990,073	(\$469,700)	\$1,358,061	\$8,878,434

Note 4 – Accountability

The following funds had a deficit fund balance as of June 30, 2021:

Fund	Amount
Major Fund:	
Adult Education	\$469,700
Other Governmental Funds:	
Vocational Education Carl D Perkins	45,559

The general fund is responsible to cover deficit fund balances by means of a transfer or advance. However, this is done when cash is needed rather than when accruals occur.

Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 5 – Deposits and Investments

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

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

Inactive deposits are public deposits that the 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 within five years from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met.
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.

Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, 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 District, and must be purchased with the expectation that it will be held to maturity.

Cash on hand – At fiscal year end, the District had \$537 in undeposited cash on hand, which is included in the balance sheet of the District as part of equity in pooled cash and cash investments.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2021, \$7,183,244 of the District's bank balance of \$7,482,997 was exposed to custodial credit risk because it was uninsured and collateralized.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in the amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or a specific collateral held at the Federal Reserve Bank in the name of the District.

Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Investments

Investments are reported at fair value. As of June 30, 2021, the District had the following investments:

	Fair Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Negotiable CDs	\$1,839,684	Level 2	1.18
Municipal Bonds	609,660	Level 2	0.98
STAR Ohio	107,551	N/A	0.15
Money Market Funds	3,549	N/A	0.00
Total Fair Value	<u>\$2,560,444</u>		
Portfolio Weighted Average Maturity			1.10

The District 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. Inputs to the valuation techniques used in fair the measurement for Level 2 include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are significant unobservable inputs. The above table identifies the District’s recurring fair value measurements as of June 30, 2021. STAR Ohio is reported at its share price (Net Asset value per share).

Interest Rate Risk – It is the possibility that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses caused by rising interest rates, the District’s investment policy requires that operating funds be invested primarily in investments so that the securities mature to meet cash requirements for ongoing operations and long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. To date, no investments have been purchased with a life greater than four years.

Credit Risk – It is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District’s investments in Municipal Bonds were rated AAA by Standard & Poor’s and Fitch ratings and Aaa by Moody’s Investors Service. Investments in STAR Ohio were rated AAAM by Standard and Poor’s. Negotiable CDs and Money Market Funds were not rated.

Concentration of Credit Risk – The District’s investment policy requires investments to be diversified to reduce the risk of loss. The District’s policy allows investments in U.S. Agencies or instrumentalities. The District has invested 72% in negotiable CDs, 24% in municipal bonds, less than 1% in money market funds, and 4% in STAR Ohio.

Note 6 – Property Taxes

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

Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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

The District receives property taxes from Lake County, Geauga County and Trumbull County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

On the accrual basis, collectible delinquent property taxes have been recorded as revenue on the statement of activities.

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

	<u>Lake County</u>	<u>Geauga County</u>	<u>Trumbull County</u>
Real Property			
Residential/agricultural	\$1,990,600,750	\$2,189,026,020	\$4,656,230
Other	332,604,360	321,823,360	122,490
Tangible and Public Utility Personal			
Public utilities	<u>169,205,480</u>	<u>83,016,560</u>	<u>62,440</u>
Total	<u><u>\$2,492,410,590</u></u>	<u><u>\$2,593,865,940</u></u>	<u><u>\$4,841,160</u></u>

Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 7 – Receivables

Receivables at June 30, 2021 consisted of taxes, accounts, interfund, intergovernmental grants, and accrued interest. 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 fiscal year guarantee of Federal funds.

Note 8 – Capital Assets and Property Held for Resale

Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$2,089,087	\$19,500	\$0	\$2,108,587
Construction in Progress	1,092,272	264,645	1,148,964	207,953
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,894,783	0	0	1,894,783
Buildings and Improvements	25,057,139	1,246,816	0	26,303,955
Furniture, Fixtures and Equipment	7,334,753	382,137	0	7,716,890
Vehicles	224,987	23,995	0	248,982
Totals at Historical Cost	<u>37,693,021</u>	<u>1,937,093</u>	<u>1,148,964</u>	<u>38,481,150</u>
Less Accumulated Depreciation:				
Land Improvements	968,992	59,756	0	1,028,748
Building Improvements	12,191,996	742,551	0	12,934,547
Furniture, Fixtures and Equipment	6,220,537	238,845	0	6,459,382
Vehicles	179,120	9,758	0	188,878
Total Accumulated Depreciation	<u>19,560,645</u>	<u>1,050,910</u>	<u>0</u>	<u>20,611,555</u>
Governmental Activities Capital Assets, Net	<u>\$18,132,376</u>	<u>\$886,183</u>	<u>\$1,148,964</u>	<u>\$17,869,595</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$471,963
Adult Education	6,621
Support Services:	
Pupils	4,204
Instructional Staff	126,004
School Administration	2,627
Fiscal	210
Operations and Maintenance	394,722
Pupil Transportation	315
Central	40,040
Operation of Non-Instructional Services	4,204
Total Depreciation Expense	<u>\$1,050,910</u>

Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Property Held for Resale

Property held for resale of \$80,238 was purchased by the District for housing projects built by the District students. Proceeds from the sale of the land and house will be used for subsequent projects. The sale date of the property cannot be estimated, therefore is included as a long-term asset.

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Property Held for Resale	\$80,238	\$0	\$0	\$80,238

Note 9 – Risk Management

Property and Liability

The District has contracted with an independent third party for their property and casualty insurance program. The program includes property insurance (which includes flood, earthquake, inland marine, crime and boiler and machinery), general liability insurance with limits of \$1,000,000 each occurrence and \$2,000,000 aggregate and sexual misconduct and molestation insurance and school leaders E&O insurance with limits of \$1,000,000 each occurrence and aggregate. The auto liability insurance coverage has limits of \$1,000,000 combined single limit each accident. The District's property and casualty insurance program also has an umbrella liability insurance policy with limits of \$5,000,000 each occurrence and \$5,000,000 aggregate.

The liability policy insures the District, the Board, the board members, administrators, employees, and volunteers with respect to their duties in connection with the District.

Settled claims have not exceeded the property and casualty coverage in any of the last three years. There has not been a reduction in coverage from the prior year.

Insurance Purchasing Pool (Workers' Compensation)

The District participates in the Ohio School Boards Association Workers' Compensation Group Experience Rating Program (GERP), an insurance rating pool. The intent of the GERP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GERP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GERP. Each participant pays its workers' compensation premium to the State based on the rate for the GERP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GERP.

Note 10 - Defined Benefit Pension Plans

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

Auburn Vocational School District, Ohio
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For the Fiscal Year Ended June 30, 2021

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

Plan Description

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

Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Age and service requirements for retirement are as follows:

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

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

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

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

Changes in Benefits between Measurement Date and the Fiscal Year End

In September 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021. The effects of these changes are unknown.

Funding Policy

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$182,338 for fiscal year 2021. Of this amount \$28,449 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and

Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

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

Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
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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 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$544,165 for fiscal year 2021. Of this amount \$45,385 is reported as accrued wages and benefits.

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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District'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>
Proportionate Share of the Net Pension Liability	\$2,479,000	\$7,842,541	\$10,321,541
Proportion of the Net Pension Liability:			
Current Measurement Date	0.03747990%	0.03241196%	
Prior Measurement Date	<u>0.04193790%</u>	<u>0.03373142%</u>	
Change in Proportionate Share	-0.00445800%	-0.00131946%	
Pension Expense	\$64,333	\$593,610	\$657,943

At June 30 2021, 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>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$4,815	\$17,597	\$22,412
Changes of assumptions	0	420,993	420,993
Net difference between projected and actual earnings on pension plan investments	157,366	381,384	538,750
Changes in employer proportionate share of net pension liability	0	72,270	72,270
Contributions subsequent to the measurement date	<u>182,338</u>	<u>544,165</u>	<u>726,503</u>
Total Deferred Outflows of Resources	<u>\$344,519</u>	<u>\$1,436,409</u>	<u>\$1,780,928</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$50,148	\$50,148
Changes in employer proportionate share of net pension liability	<u>197,075</u>	<u>498,723</u>	<u>695,798</u>
Total Deferred Inflows of Resources	<u>\$197,075</u>	<u>\$548,871</u>	<u>\$745,946</u>

Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

\$726,503 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2022	(\$137,243)	\$72,936	(\$64,307)
2023	(12,513)	(34,260)	(46,773)
2024	65,594	185,636	251,230
2025	49,268	119,061	168,329
Total	(\$34,894)	\$343,373	\$308,479

Actuarial Assumptions - SERS

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

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

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

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

Inflation	3.00%
Future Salary Increases, including inflation	3.50% - 18.20%
COLA or Ad Hoc COLA	2.50%
Investment Rate of Return	7.50% net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled

Auburn Vocational School District, Ohio
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members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement. The most recent experience study was completed for the five year period ended June 30, 2015.

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

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

Discount Rate

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$3,395,927	\$2,479,000	\$1,709,680

Auburn Vocational School District, Ohio
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Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End

Based on a new experience study for the five years ending June 30, 2020, the SERS Board lowered the investment rate of return from 7.50 percent to 7.00 percent, lowered inflation from 3.00 percent to 2.40 percent, reduced wage inflation from 3.50 percent to 3.25 percent, reduced COLA from 2.50 percent to 2.00 percent, along with certain other changes for the actuarial valuation as of June 30, 2021. The effects of these changes are unknown.

Actuarial Assumptions - STRS

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

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0%, effective July 1, 2017

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

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

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

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

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

Auburn Vocational School District, Ohio
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Discount Rate

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Proportionate share of the net pension liability	\$11,166,413	\$7,842,541	\$5,025,836

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End

The STRS Board approved a change in the discount rate from 7.45 percent to 7.00 percent for the June 30, 2021 valuation. The effect on the net pension liability is unknown.

Note 11 - Defined Benefit OPEB Plans

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description

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

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

Funding Policy

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$16,561.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$16,561 for fiscal year 2021.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

Funding Policy

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

Net OPEB Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

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	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability	\$792,860	\$0	\$792,860
Proportionate Share of the Net OPEB (Asset)	0	(569,640)	(569,640)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.03648140%	0.03241196%	
Prior Measurement Date	0.04049840%	0.03373142%	
Change in Proportionate Share	-0.00401700%	-0.00131946%	
OPEB Expense	(\$64,086)	(\$57,382)	(\$121,468)

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

	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$10,413	\$36,500	\$46,913
Changes of assumptions	135,155	9,403	144,558
Net difference between projected and actual earnings on OPEB plan investments	8,934	19,964	28,898
Changes in employer proportionate share of net OPEB liability	0	3,034	3,034
Contributions subsequent to the measurement date	16,561	0	16,561
Total Deferred Outflows of Resources	<u>\$171,063</u>	<u>\$68,901</u>	<u>\$239,964</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$403,225	\$113,464	\$516,689
Changes of assumptions	19,970	541,063	561,033
Changes in employer proportionate share of net OPEB liability	230,243	93,820	324,063
Total Deferred Inflows of Resources	<u>\$653,438</u>	<u>\$748,347</u>	<u>\$1,401,785</u>

\$16,561 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year			
Ending June 30:	SERS	STRS	Total
2022	(\$103,245)	(\$170,608)	(\$273,853)
2023	(102,598)	(157,095)	(259,693)
2024	(102,703)	(152,355)	(255,058)
2025	(97,027)	(145,871)	(242,898)
2026	(69,780)	(25,683)	(95,463)
Thereafter	(23,583)	(27,834)	(51,417)
Total	<u>(\$498,936)</u>	<u>(\$679,446)</u>	<u>(\$1,178,382)</u>

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Actuarial Assumptions - SERS

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

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

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

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

Inflation	3.00%
Wage Increases	3.50% to 18.20%
Investment Rate of Return	7.50% net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45%
Prior Measurement Date	3.13%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	2.63%
Prior Measurement Date	3.22%
Medical Trend Assumption:	
Medicare	5.25% to 4.75%
Pre-Medicare	7.00% to 4.75%

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were

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developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

Discount Rate

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

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

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	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
Proportionate share of the net OPEB liability	\$970,441	\$792,860	\$651,684
	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Proportionate share of the net OPEB liability	\$624,317	\$792,860	\$1,018,246

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End

Based on a new experience study for the five years ending June 30, 2020, the SERS Board reduced the wage growth assumption from 3.50 percent to 3.25 percent and increased the health care rate of return from 5.25 percent to 7.00 percent. The effects of these changes are unknown.

Actuarial Assumptions - STRS

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

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Payroll Increases	3.00%
Discount Rate of Return	7.45%
Health Care Cost Trends:	
Medical	
Pre-Medicare	5.00% initial, 4% ultimate
Medicare	-6.69% initial, 4% ultimate
Prescription Drug	
Pre-Medicare	6.50% initial, 4% ultimate
Medicare	11.87% initial, 4% ultimate

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

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

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

Since the prior measurement date, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base

Auburn Vocational School District, Ohio
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premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

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

Discount Rate

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

Sensitivity of the Proportionate Share of the Net OPEB (Asset) to Changes in the Discount and Health Care Cost Trend Rate

The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Proportionate share of the net OPEB (asset)	(\$495,624)	(\$569,640)	(\$632,440)
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$628,541)	(\$569,640)	(\$497,889)

Auburn Vocational School District, Ohio
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For the Fiscal Year Ended June 30, 2021

Note 12 – Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, an employee is paid for 25% of accumulated sick days up to a maximum of 75 accumulated sick days.

Note 13 – Jointly Governed Organizations

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among 254 school districts, educational service centers, joint vocational school districts, and developmental disabilities boards in thirty-four Ohio counties. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to its members. Each member supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained by contacting the Executive Director of the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

Lake Geauga Computer Association

The Lake Geauga Computer Association (LGCA) is a jointly governed organization that was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The executive committee (governing board) consists of the superintendents and treasurers of the member school districts. Each of the governments of these schools supports LGCA based on a per pupil charge. The degree of control exercised by any participating school district is limited to its representation on the Assembly. Continued existence of the LGCA Computer Center is not dependent on the District's continued participation. Financial information can be obtained from LGCA, 8221 Auburn Road, Painesville, OH 44077.

Note 14 – Claims Servicing Pool

The District participates in the Health Care Benefits Program of Lake County Schools Council (the Program), a claims servicing pool comprised of ten Lake County school districts. Each school district has a representative on the assembly (usually the treasurer or designee) and one Cuyahoga County school district. Each member pays an administrative fee to the pool. The plan's business and affairs are conducted by a five-member Board of Directors elected by the Program's assembly. The assembly elects officers for one-year terms to serve on the Board of Directors. The District pays a monthly contribution, which is placed in a common fund from which the claim payments are made for all participating school districts. Claims are paid for all participants regardless of claim flow. The program is operated as a full indemnity program with no financial liability (other than the monthly premiums) or risk to the District. The Program shall pay the run out of all claims for a withdrawing member. Any member that withdraws from the Program pursuant to the Program Agreement shall have no claim to the Program's assets. Financial information can be obtained from the Treasurer, Madison Local School District, 1956 Red Bird Road, Madison, OH 44057.

Auburn Vocational School District, Ohio
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Note 15 – Contingencies

School Foundation

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2021 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2021 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

Grants

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

Litigation

On October 21, 2021, the trial court awarded the Career and Technical Association \$1,486,046. This amount has been recorded in the financial statements.

The District is a party to other legal proceedings. The District is of the opinion that the ultimate disposition of these claims will not have a material effect, if any, on the financial condition of the District.

Note 16 – Interfund Transactions

Interfund transactions at June 30, 2021, consisted of the following interfund receivables, interfund payables, transfers in and transfers out:

	Interfund Receivable	Interfund Payable	Transfers In	Transfers Out
General Fund	\$1,140,228	\$0	\$0	\$52,540
Adult Education Fund	0	855,000	0	0
Other Governmental Funds	0	285,228	52,540	0
Total all funds	<u>\$1,140,228</u>	<u>\$1,140,228</u>	<u>\$52,540</u>	<u>\$52,540</u>

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2021, the \$285,228 interfund loan outstanding is anticipated to be repaid in fiscal year 2022. The \$855,000 interfund loans outstanding are classified as long-term and are anticipated to be repaid in installments of \$100,000 until the loan is paid off.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 17 – Set-Asides

The District is required by the state law to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. The District may replace using general fund revenues with proceeds from various sources (offsets), such as bond or levy proceeds related to the acquisition, replacement, enhancement, maintenance or repair of permanent improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years.

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

The following information describes the change in the year-end set-aside amounts for capital maintenance.

	Capital Acquisition
Set Aside Reserve Balance as of June 30, 2020	\$0
Current Year Set Aside Requirements	74,880
Current Year Offsets	(74,880)
Set Aside Balance as of June 30, 2021	<u>\$0</u>
and carried forward to future fiscal years	<u>\$0</u>

Note 18 – Long-Term Obligations

Changes in long-term obligations of the District during fiscal year 2021 were as follows:

	Rate	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
Governmental Activities:						
General Obligation Bonds:						
2011 School Improvement Bond	3.61%	\$1,290,000	\$0	\$195,000	\$1,095,000	\$205,000
2012 School Improvement Bond	2.34%	1,165,000	0	155,000	1,010,000	160,000
2012 School Improvement Bond - Series B	2.48%	320,000	0	40,000	280,000	45,000
2018 School Improvement Bond	3.04%	1,570,000	0	95,000	1,475,000	100,000
2021 School Improvement Bond	1.41%	0	1,300,000	132,000	1,168,000	122,000
Subtotal General Obligation Bonds		4,345,000	1,300,000	617,000	5,028,000	632,000
Capital Leases		1,040,000	0	80,000	960,000	85,000
Compensated Absences		540,030	18,567	43,126	515,471	37,580
Subtotal Bonds and Other Amounts		5,925,030	1,318,567	740,126	6,503,471	754,580
Net Pension Liability:						
STRS		7,459,501	383,040	0	7,842,541	0
SERS		2,509,218	0	30,218	2,479,000	0
Total Net Pension Liability		9,968,719	383,040	30,218	10,321,541	0
Net OPEB Liability:						
SERS		1,018,450	0	225,590	792,860	0
Total Net OPEB Liability		1,018,450	0	225,590	792,860	0
Total Long-Term Obligations		<u>\$16,912,199</u>	<u>\$1,701,607</u>	<u>\$995,934</u>	<u>\$17,617,872</u>	<u>\$754,580</u>

Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

General Obligation Bonds: General obligation bonds are direct obligations of the District for which its full faith and credit are pledged for repayment. General obligation bonds are to be repaid from voted and unvoted general property taxes. Property tax monies will be received in and the debt will be repaid from the bond retirement debt service fund.

In January 2021, the District issued \$1,300,000 in general obligation bonds with an interest rate of 1.41% for the purpose of renovating, rehabilitating, furnishing and equipping, and otherwise improving school buildings, facilities, and improving their sites. These bonds are to be repaid from the construction fund and are scheduled to mature in June, 2030.

In March 2018, the District issued \$1,745,000 in general obligation bonds with an interest rate of 3.04% for the purpose of renovating, rehabilitating, furnishing and equipping, and otherwise improving school buildings, facilities, and improving their sites. These bonds are to be repaid from the construction fund and are scheduled to mature in June, 2033.

On July 20, 2011, the District issued \$2,800,000 in general obligation bonds which include serial bonds with an interest rate of 3.61% for the purpose of construction, renovating, rehabilitating and equipping school facilities, including installations, modifications and remodeling of school buildings to conserve energy.

In August 2012, the District issued \$2,300,000 in School Improvement Bonds for the purpose of constructing, renovating, rehabilitating, equipping and remodeling school facilities to conserve energy. The first payment on these bonds was due on December 1, 2012. These bonds are to be repaid from the debt service fund and are scheduled to mature in June, 2027.

In November 2012, the District issued \$600,000 in School Improvement Bonds for the purpose of constructing a new school facility for the District's industrial arts program. The first payment on the bonds was due on June 1, 2013. These bonds are to be repaid from the debt service fund and are scheduled to mature in June, 2027.

Compensated absences will be paid from the fund from which the employees' are paid.

The District pays pension and OPEB obligations related to employee compensation from the fund benefitting from their service.

Principal and interest requirements to amortize all bonds outstanding at June 30, 2021 are as follows:

Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2022	\$632,000	\$131,417	\$763,417
2023	639,000	116,238	755,238
2024	661,000	100,748	761,748
2025	678,000	84,609	762,609
2026	704,000	68,021	772,021
2027-2031	1,419,000	176,939	1,595,939
2032-2033	295,000	13,528	308,528
Total	\$5,028,000	\$691,500	\$5,719,500

Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 19 – Capitalized Leases – Lessee Disclosure

During a prior fiscal year, the District entered into a capitalized lease agreement for the acquisition of copiers. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements of governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by lease have been capitalized as equipment in the amount of \$93,852, which is equal to the present value of the future minimum lease payments on the government-wide financial statements.

In September 2015, the District entered into a capitalized lease agreement for the acquisition of building additions. Capital assets acquired by lease have been capitalized as building additions in the amounts of \$1,007,177, which is equal to present value of the future minimum lease payments on the government-wide financial statements.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments at year-end.

Fiscal Year Ending June 30	Lease
2022	\$114,268
2023	111,557
2024	113,766
2025	110,895
2026	112,944
2027-2031	557,188
Total Minimum Lease Payments	\$1,120,618
Amount Representing Interest	(160,618)
Present Value of Minimum Lease Payments	<u>\$960,000</u>

Note 20 – Operating Lease – Lessor Disclosure

The District collectively (the “lessor”) entered into an agreement to lease certain space in the building at 8221 Auburn Road, Concord Township, Ohio 44077 to Educational Service Center of the Western Reserve (formerly called Lake County Educational Service Center) and Lake Geauga Computer Association. The lease was effective May 1, 2016 through April 30, 2035, and May 1, 2016 through May 31, 2036. Monthly payments were established at \$5,417 per month and \$4,583 per month, respectively.

For Educational Service Center of the Western Reserve, this agreement shall be cancelled should the General Assembly adapt legislation eliminating Educational Service Centers or that eliminates the need to administer ESC’s. For Lake Geauga Computer Association, this agreement may be cancelled upon the determination by the lessor that the premises are needed for Auburn Vocational School District purposes.

Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 21 – Subsequent Events

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

Note 22 – 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 of 2021 while the national state of emergency continues. During fiscal year 2021, the District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

Note 23 – Implementation of New Accounting Principles and Restatement of Net Position/Fund Balance

New Accounting Principles

For fiscal year 2021, the District implemented GASB Statement No. 84, Fiduciary Activities and related guidance from (GASB) Implementation Guide No. 2019-2, Fiduciary Activities, and GASB Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and GASB Statements No. 61.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. The District reviewed its agency funds and certain funds have been reclassified as governmental funds. If applicable, fund reclassifications resulted in the restatement of the School District's financial statements.

GASB Statement No. 90 improves consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the District.

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Auburn Vocational School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Restatement of Fund Balance/Net Position

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

	General Fund	Other Governmental Funds
	<u> </u>	<u> </u>
Fund Balance, June 30, 2020	\$7,896,942	(\$67,435)
Adjustments-Presentation Changes:		
GASB Statement No. 84	<u>566</u>	<u>82,753</u>
Restated Fund Balance, June 30, 2020	<u><u>\$7,897,508</u></u>	<u><u>\$15,318</u></u>

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

	Governmental Activities
	<u> </u>
Net Position, June 30, 2020	\$8,894,749
Adjustments-Presentation Changes:	
GASB Statement No. 84	<u>83,319</u>
Restated Net Position, June 30, 2020	<u><u>\$8,978,068</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

Auburn Vocational School District, Ohio
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Eight Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.03747990%	\$2,479,000	\$1,313,964	188.67%	68.55%
2020	0.04193790%	2,509,218	1,438,704	174.41%	70.85%
2019	0.04524130%	2,591,053	1,481,763	174.86%	71.36%
2018	0.04879030%	2,915,113	1,610,021	181.06%	69.50%
2017	0.04941280%	3,616,561	1,633,586	221.39%	62.98%
2016	0.05007890%	2,857,551	1,385,220	206.29%	69.16%
2015	0.04996800%	2,528,852	1,466,638	172.43%	71.70%
2014	0.04996800%	2,971,437	1,253,591	237.03%	65.52%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

Auburn Vocational School District, Ohio
 Required Supplementary Information
 Schedule of the District's Contributions for Net Pension Liability
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$182,338	(\$182,338)	\$0	\$1,302,414	14.00%
2020	183,955	(183,955)	0	1,313,964	14.00%
2019	194,225	(194,225)	0	1,438,704	13.50%
2018	200,038	(200,038)	0	1,481,763	13.50%
2017	225,403	(225,403)	0	1,610,021	14.00%
2016	228,702	(228,702)	0	1,633,586	14.00%
2015	182,572	(182,572)	0	1,385,220	13.18%
2014	203,276	(203,276)	0	1,466,638	13.86%
2013	173,497	(173,497)	0	1,253,591	13.84%
2012	212,169	(212,169)	0	1,577,465	13.45%

See accompanying notes to the required supplementary information.

Auburn Vocational School District, Ohio
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Eight Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.03241196%	\$7,842,541	\$4,437,129	176.75%	75.50%
2020	0.03373142%	7,459,501	4,410,900	169.12%	77.40%
2019	0.03309948%	7,277,833	3,982,029	182.77%	77.30%
2018	0.03652205%	8,675,891	4,356,214	199.16%	75.30%
2017	0.03698745%	12,380,814	4,304,693	287.61%	66.80%
2016	0.04169039%	11,522,004	4,351,193	264.80%	72.10%
2015	0.04243876%	10,322,575	4,669,615	221.06%	74.70%
2014	0.04243888%	12,296,184	4,476,338	274.69%	69.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

Auburn Vocational School District, Ohio
 Required Supplementary Information
 Schedule of the District's Contributions for Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$544,165	(\$544,165)	\$0	\$3,886,893	14.00%
2020	621,198	(621,198)	0	4,437,129	14.00%
2019	617,526	(617,526)	0	4,410,900	14.00%
2018	557,484	(557,484)	0	3,982,029	14.00%
2017	609,870	(609,870)	0	4,356,214	14.00%
2016	602,657	(602,657)	0	4,304,693	14.00%
2015	609,167	(609,167)	0	4,351,193	14.00%
2014	607,050	(607,050)	0	4,669,615	13.00%
2013	581,924	(581,924)	0	4,476,338	13.00%
2012	576,721	(576,721)	0	4,436,315	13.00%

See accompanying notes to the required supplementary information.

Auburn Vocational School District, Ohio
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Five Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.03648140%	\$792,860	\$1,313,964	60.34%	18.17%
2020	0.04049840%	1,018,450	1,438,704	70.79%	15.57%
2019	0.04539970%	1,259,510	1,481,763	85.00%	13.57%
2018	0.04717641%	1,266,090	1,610,021	78.64%	12.46%
2017	0.04731615%	1,348,685	1,633,586	82.56%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

Auburn Vocational School District, Ohio
 Required Supplementary Information
 Schedule of the District's Contributions for Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Six Fiscal Years (1) (2)

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$16,561	(\$16,561)	\$0	\$1,302,414	1.27%
2020	12,031	(12,031)	0	1,313,964	0.92%
2019	20,292	(20,292)	0	1,438,704	1.41%
2018	29,726	(29,726)	0	1,481,763	2.01%
2017	14,914	(14,914)	0	1,610,021	0.93%
2016	12,107	(12,107)	0	1,633,586	0.74%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information.

Auburn Vocational School District, Ohio
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Five Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability
2021	0.03241196%	(\$569,640)	\$4,437,129	(12.84%)	182.13%
2020	0.03373142%	(558,673)	4,410,900	(12.67%)	174.74%
2019	0.03309948%	(531,875)	3,982,029	(13.36%)	176.00%
2018	0.03652205%	1,424,956	4,356,214	32.71%	47.10%
2017	0.03698745%	1,978,098	4,304,693	45.95%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

Auburn Vocational School District, Ohio
 Required Supplementary Information
 Schedule of the District's Contributions for Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Six Fiscal Years (1)

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$0	\$0	\$0	\$3,886,893	0.00%
2020	0	0	0	4,437,129	0.00%
2019	0	0	0	4,410,900	0.00%
2018	0	0	0	3,982,029	0.00%
2017	0	0	0	4,356,214	0.00%
2016	0	0	0	4,304,693	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Auburn Vocational School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2021

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$6,396,774	\$6,496,275	\$6,648,955	\$152,680
Tuition and Fees	\$41,844	\$42,495	\$43,494	\$999
Investment Earnings	61,995	62,959	64,439	1,480
Intergovernmental	2,981,071	3,027,441	3,098,594	71,153
Other Revenues	361,192	366,810	375,431	8,621
Total Revenues	<u>9,842,876</u>	<u>9,995,980</u>	<u>10,230,913</u>	<u>234,933</u>
Expenditures:				
Current:				
Instruction:				
Special	117,030	110,266	110,464	(198)
Vocational	3,797,110	3,577,651	3,584,074	(6,423)
Support Services:				
Pupil	893,832	842,172	843,684	(1,512)
Instructional Staff	795	750	750	0
General Administration	136,809	128,902	129,133	(231)
School Administration	1,372,604	1,293,272	1,295,594	(2,322)
Fiscal	572,585	539,491	540,460	(969)
Business	386	364	364	0
Operations and Maintenance	1,421,252	1,339,109	1,341,513	(2,404)
Pupil Transportation	8,178	7,705	7,719	(14)
Central	101,599	95,727	95,899	(172)
Extracurricular Activities	4,532	4,270	4,278	(8)
Capital Outlay	58,416	55,040	55,139	(99)
Total Expenditures	<u>8,485,128</u>	<u>7,994,719</u>	<u>8,009,071</u>	<u>(14,352)</u>
Excess of Revenues Over (Under) Expenditures	<u>1,357,748</u>	<u>2,001,261</u>	<u>2,221,842</u>	<u>220,581</u>
Other Financing Sources (Uses):				
Advances In	221,889	225,341	230,637	5,296
Advances (Out)	(272,046)	(256,323)	(256,783)	(460)
Transfers (Out)	(932,962)	(879,040)	(880,618)	(1,578)
Total Other Financing Sources (Uses)	<u>(983,119)</u>	<u>(910,022)</u>	<u>(906,764)</u>	<u>3,258</u>
Net Change in Fund Balance	374,629	1,091,239	1,315,078	223,839
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>6,475,523</u>	<u>6,475,523</u>	<u>6,475,523</u>	<u>0</u>
Fund Balance - End of Year	<u>\$6,850,152</u>	<u>\$7,566,762</u>	<u>\$7,790,601</u>	<u>\$223,839</u>

See accompanying notes to the required supplementary information.

Auburn Vocational School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

	Adult Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Tuition and Fees	\$1,107,029	\$1,336,702	\$1,337,999	1,297
Intergovernmental	311,593	376,238	376,603	365
Other Revenues	68,803	83,077	83,158	81
Total Revenues	<u>1,487,425</u>	<u>1,796,017</u>	<u>1,797,760</u>	<u>1,743</u>
Expenditures:				
Current:				
Instruction:				
Adult/Continuing	1,038,236	1,022,228	1,022,228	0
Support Services:				
Pupil	10,480	10,318	10,318	0
School Administration	325,635	320,615	320,615	0
Fiscal	36,117	35,560	35,560	0
Operations and Maintenance	46,729	46,009	46,009	0
Total Expenditures	<u>1,457,197</u>	<u>1,434,730</u>	<u>1,434,730</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>30,228</u>	<u>361,287</u>	<u>363,030</u>	<u>1,743</u>
Other Financing Sources (Uses):				
Advances (Out)	(203,132)	(200,000)	(200,000)	0
Total Other Financing Sources (Uses)	<u>(203,132)</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>0</u>
Net Change in Fund Balance	(172,904)	161,287	163,030	1,743
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>172,904</u>	<u>172,904</u>	<u>172,904</u>	<u>0</u>
Fund Balance - End of Year	<u>\$0</u>	<u>\$334,191</u>	<u>\$335,934</u>	<u>\$1,743</u>

See accompanying notes to the required supplementary information.

Auburn Vocational School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

Note 1 – Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations 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 amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

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

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Basis) presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as an assignment of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis to the budgetary basis for the General Fund and the Adult Education Fund.

Auburn Vocational School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

Net Change in Fund Balance

	General	Adult Education
GAAP Basis	\$1,578,611	\$367,645
Revenue Accruals	590,009	(14,892)
Expenditure Accruals	96,567	53,682
Transfers (Out)	(828,078)	0
Advances In	230,637	0
Advances (Out)	(256,783)	(200,000)
Encumbrances	(95,885)	(43,405)
Budget Basis	<u>\$1,315,078</u>	<u>\$163,030</u>

Note 2 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2020-2021: There were no changes in benefit terms from the amounts reported for this fiscal year.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the change in the Consumer Price Index Index (CPI-W), with a cap of 2.5% and a floor of 0%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
- (8) The discount rate was reduced from 7.75% to 7.50%.

Auburn Vocational School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2019-2021: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Note 3 - Net OPEB (Asset)/Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

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

Changes in Assumptions:

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	3.22%
Measurement Date	2.63%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.13%
Measurement Date	2.45%

Auburn Vocational School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

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

Prior Measurement Date	3.22%
Measurement Date	2.63%

2020: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(4) Discount Rate:

Prior Measurement Date	3.70%
Measurement Date	3.22%

(5) Municipal Bond Index Rate:

Prior Measurement Date	3.62%
Measurement Date	3.13%

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

Prior Measurement Date	3.70%
Measurement Date	3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(7) Discount Rate:

Prior Measurement Date	3.63%
Measurement Date	3.70%

(8) Municipal Bond Index Rate:

Prior Measurement Date	3.56%
Measurement Date	3.62%

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

Prior Measurement Date	3.63%
Measurement Date	3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

(2) Municipal Bond Index Rate:

Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%

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

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,

Auburn Vocational School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

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

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

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in Assumptions:

2021: There were changes in assumptions during the measurement year, which decreased the total OPEB liability by approximately \$0.26 billion. The assumption changes included changes in healthcare costs and trends.

Auburn Vocational School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

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

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

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**AUBURN VOCATIONAL SCHOOL DISTRICT
LAKE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Pass Through Entity Number	Assistance Listing Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education:			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	3L60	10.555	\$14,890
Cash Assistance:			
School Breakfast Program	3L70	10.553	33,245
COVID 19 School Breakfast Program	3L70	10.553	<u>2,872</u>
Total School Breakfast Program			36,117
National School Lunch Program	3L60	10.555	58,050
COVID 19 National School Lunch Program	3L60	10.555	<u>7,340</u>
Total National Lunch Program			65,390
Total Child Nutrition Cluster			<u>116,397</u>
Total U.S. Department of Agriculture			<u>116,397</u>
U.S. DEPARTMENT OF EDUCATION			
Direct Assistance:			
COVID 19 Higher Education Emergency Relief Fund - Student Aid Portion	N/A	84.425E	62,001
COVID 19 Higher Education Emergency Relief Fund - Institutional Portion	N/A	84.425F	107,236
COVID 19 Higher Education Emergency Relief Fund - Fund for the Improvement of Postsecondary Education	N/A	84.425N	359,651
Passed Through Ohio Department of Education:			
COVID 19 Governor's Emergency Education Relief Fund	3HQ0	84.425C	<u>70,206</u>
Total Education Stabilization Fund			599,094
Direct Assistance:			
Student Financial Assistance Cluster:			
Federal Pell Grant Program	N/A	84.063	220,416
Federal Direct Student Loans	N/A	84.268	<u>337,419</u>
Total Student Financial Assistance Cluster			557,835
Passed Through Ohio Department of Education:			
Adult Education - Basic Grants to States	3120	84.002	272,223
Career and Technical Education - Basic Grants to States	3L90	84.048	<u>455,721</u>
Total U.S Department of Education			<u>1,884,873</u>
U.S. DEPARTMENT OF THE TREASURY			
Passed Through Ohio Department of Education:			
Coronavirus Relief Fund	5CV1	21.019	<u>66,374</u>
Total U.S. DEPARTMENT OF THE TREASURY			<u>66,374</u>
Total Expenditures of Federal Awards			<u>\$2,067,644</u>

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

**AUBURN VOCATIONAL SCHOOL DISTRICT
LAKE COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes federal grant activity of the District and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The District did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 2: FEDERAL DIRECT LOAN PROGRAM

The District participates in the Federal Direct Loan Program. The District originates the loans which are then funded through the U.S. Department of Education.

CFDA Number	Program Name	Amount
84.268	Federal Subsidized Loans	\$132,901
84.268	Federal Unsubsidized Loans	204,518
	Total Federal Direct Student Loans	<u>\$337,419</u>

NOTE 3: NUTRITION CLUSTER

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

NOTE 4: FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Auburn Vocational School District
Lake County
8140 Auburn Road
Concord Township, Ohio 44077

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Auburn Vocational School District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 21, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.

Cincinnati, Ohio

December 21, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Auburn Vocational School District
Lake County
8140 Auburn Road
Concord Township, Ohio 44077

Report on Compliance for Each Major Federal Program

We have audited the Auburn Vocational School District (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the District, complied, in all material respects, with the types of 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, 2021.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
Cincinnati, Ohio
December 21, 2021

**AUBURN VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant Deficiency(s) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? No
- Significant Deficiency(s) identified? None reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000

Auditee qualified as low-risk auditee? Yes

Section II – Findings Related to the Financial Statements Required to be reported in Accordance with GAGAS

None

Section III – Federal Award Findings and Questioned Costs

None

**AUBURN VOCATIONAL SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

The Auburn Vocational School District had no prior audit findings or questioned costs.

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OHIO AUDITOR OF STATE KEITH FABER



AUBURN VOCATIONAL SCHOOL DISTRICT

LAKE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 1/11/2022

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

This report is a matter of public record and is available online at
www.ohioauditor.gov