

**AUBURN VOCATIONAL SCHOOL DISTRICT  
LAKE COUNTY**



**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2023**



OHIO AUDITOR OF STATE  
KEITH FABER



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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, 2022 through June 30, 2023. 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

February 01, 2024

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**AUBURN VOCATIONAL SCHOOL DISTRICT  
LAKE COUNTY  
FOR THE YEAR ENDED JUNE 30, 2023**

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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Auburn Vocational School District, Ohio (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, 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.

***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

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

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



### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
Cincinnati, Ohio  
December 27, 2023

**Auburn Vocational School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**(Unaudited)**

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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, 2023. 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 2023 are as follows:

- Net position of governmental activities increased \$1,890,679 from 2022.
- General revenues accounted for \$11,296,419 in revenue or 75% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,680,804 or 25% of total revenues of \$14,977,223.
- The District had \$13,086,544 in expenses related to governmental activities; \$3,680,804 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$11,296,419 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, Construction 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 2023?" 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

**Auburn Vocational School District, Ohio  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
(Unaudited)**

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has improved or diminished. The causes of this change may be the result of many factors, both 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**

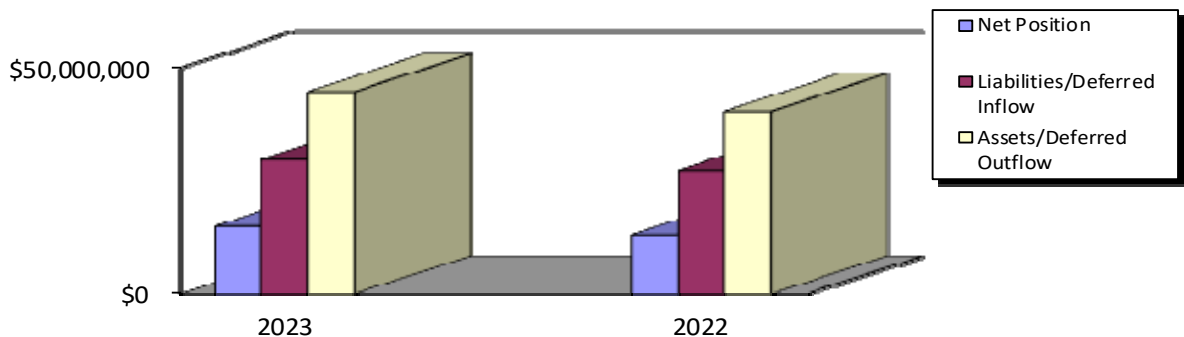
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District’s net position for 2023 compared to 2022:

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**Auburn Vocational School District, Ohio  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
(Unaudited)**

**Table 1  
Net Position**

	Governmental Activities	
	2023	2022
<b>Assets:</b>		
Current and Other Assets	\$23,677,932	\$19,585,061
Net OPEB Asset	824,472	664,151
Capital Assets	17,809,720	17,851,958
<b>Total Assets</b>	<b>42,312,124</b>	<b>38,101,170</b>
<b>Deferred Outflows of Resources:</b>		
OPEB	184,997	228,312
Pension	2,179,336	2,093,785
<b>Total Deferred Outflows of Resources</b>	<b>2,364,333</b>	<b>2,322,097</b>
<b>Liabilities:</b>		
Other Liabilities	2,606,447	2,251,370
Long-Term Liabilities	17,501,915	11,911,513
<b>Total Liabilities</b>	<b>20,108,362</b>	<b>14,162,883</b>
<b>Deferred Inflows of Resources:</b>		
Property Taxes	5,941,308	5,757,015
Leases	1,245,508	1,346,179
OPEB	1,451,303	1,416,809
Pension	1,057,318	4,758,402
<b>Total Deferred Inflows of Resources</b>	<b>9,695,437</b>	<b>13,278,405</b>
<b>Net Position:</b>		
Net Investment in Capital Assets	10,391,120	13,004,860
Restricted	3,992,913	310,837
Unrestricted	488,625	(333,718)
<b>Total Net Position</b>	<b>\$14,872,658</b>	<b>\$12,981,979</b>



**Auburn Vocational School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
**(Unaudited)**

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Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2023, the District's assets and deferred outflows exceeded liabilities and deferred inflows by \$14,872,658.

At year-end, capital assets represented 42% 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, 2023, totaled \$10,391,120. 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, \$3,992,913 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 2023 as compared to fiscal year 2022. Capital assets decreased due to depreciation being greater than additions for the year. Total liabilities increased due to the changes in net pension and OPEB liabilities.

Table 2 shows the changes in net position for fiscal years 2023 and 2022.

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**Auburn Vocational School District, Ohio  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
(Unaudited)**

**Table 2  
Changes in Net Position**

	Governmental Activities	
	2023	2022
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$2,343,866	\$1,739,567
Operating Grants and Contributions	1,336,938	1,760,556
Total Program Revenues	<u>3,680,804</u>	<u>3,500,123</u>
General Revenues:		
Property Taxes	7,087,374	6,951,025
Grants and Entitlements	3,501,879	3,296,704
Other	707,166	280,588
Total General Revenues	<u>11,296,419</u>	<u>10,528,317</u>
Total Revenues	<u><u>14,977,223</u></u>	<u><u>14,028,440</u></u>
Program Expenses:		
Instruction	6,550,842	5,505,024
Support Services:		
Pupil and Instructional Staff	1,344,671	1,060,469
School Administrative, General Administration, Fiscal and Business	2,546,487	2,128,955
Operations and Maintenance	1,863,738	1,630,290
Pupil Transportation	5,884	9,950
Central	255,178	269,249
Operation of Non-Instructional Services	157,151	172,565
Extracurricular Activities	57,935	52,067
Interest and Fiscal Charges	304,658	159,017
Total Program Expenses	<u>13,086,544</u>	<u>10,987,586</u>
Changes in Net Position	1,890,679	3,040,854
Net Position - Beginning of Year - Restated	<u>12,981,979</u>	<u>9,941,125</u>
Net Position - End of Year	<u><u>\$14,872,658</u></u>	<u><u>\$12,981,979</u></u>

The District revenues came from mainly two sources. Property taxes levied for general purposes and debt service, as well as grants and entitlements comprised 71% 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, 2023  
(Unaudited)**

Property taxes made up 47.3% of governmental activities for the District in fiscal year 2023. The District’s reliance upon tax revenues is demonstrated in the following graph:

**Governmental Activities  
Revenue Sources**

Revenue Sources	2023	Percent of Total
General Grants	\$3,501,879	23.4%
Program Revenues	3,680,804	24.6%
General Tax Revenues	7,087,374	47.3%
Investment Earnings	514,336	3.4%
Other Revenues	192,830	1.3%
	<u>\$14,977,223</u>	<u>100.0%</u>



Instruction comprises 50% of governmental program expenses. Support services expenses were 47% of governmental program expenses. All other expenses were 3%.

Property tax revenues increased from the prior year mainly due to an increase in debt service purposes. Total expenses increased 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	
	2023	2022	2023	2022
Instruction	\$6,550,842	\$5,505,024	(\$4,413,690)	(\$3,321,130)
Support Services:				
Pupil and Instructional Staff	1,344,671	1,060,469	(980,462)	(783,571)
School Administrative, General				
Administration, Fiscal and Business	2,546,487	2,128,955	(1,789,119)	(1,551,822)
Operations and Maintenance	1,863,738	1,630,290	(1,700,416)	(1,516,575)
Pupil Transportation	5,884	9,950	(5,884)	(9,950)
Central	255,178	269,249	(255,178)	(265,799)
Operation of Non-Instructional Services	157,151	172,565	42,609	113,342
Extracurricular Activities	57,935	52,067	1,058	7,059
Interest and Fiscal Charges	304,658	159,017	(304,658)	(159,017)
Total Expenses	<u>\$13,086,544</u>	<u>\$10,987,586</u>	<u>(\$9,405,740)</u>	<u>(\$7,487,463)</u>

**Auburn Vocational School District, Ohio  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
(Unaudited)**

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**The District's Funds**

The District has three major funds: the General Fund, the Construction Fund, and the Adult Education Fund. Assets of the general fund comprised \$19,406,877 (78%), Assets of the Construction fund comprised \$4,397,841 (18%), and assets of the adult education fund comprised \$361,224 (1%) of the total \$24,769,506 governmental funds' assets.

**General Fund:** Fund balance at June 30, 2023 was \$10,988,765 including \$9,118,026 of unassigned balance. The primary reason for the increase in fund balance is due to the increase in intergovernmental revenues and investment earnings when compared to 2022.

**Adult Education Fund:** Fund balance at June 30, 2023 was (\$326,078), which is an increase of \$244,938 from 2022. The primary reason for the increase in fund balance was due to an increase in tuition and fees when compared to the prior year.

**Construction Fund:** Fund balance at June 30, 2023 was \$3,043,556, which is a increase of \$2,563,339 from 2022. The primary reason for the increase in fund balance was due to an increase issuance of long-term capital-related debt 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 2023, 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 \$10,484,126, compared to final budget estimates of \$11,292,552. Of this \$808,426 difference, most was due to overestimating taxes and intergovernmental revenues in the original budget.

For the General Fund, the original budget basis expenditures were \$6,513,517 compared to final budget estimates of \$9,027,113. 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 \$10,703,426.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal 2023, the District had \$17,809,720 invested in land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. Table 4 shows fiscal 2023 balances compared to 2022:



**Auburn Vocational School District, Ohio**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2023**  
(Unaudited)

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

	Governmental Activities	
	2023	2022
Land	\$2,108,587	\$2,108,587
Land Improvements	746,841	806,438
Buildings and Improvements	13,242,382	13,513,093
Furniture, Fixtures and Equipment	1,642,726	1,341,000
Vehicles	69,184	82,840
Total Net Capital Assets	<u>\$17,809,720</u>	<u>\$17,851,958</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, 2023, the District had \$7,467,000 in outstanding debt, \$911,000 due within one year. Table 5 summarizes outstanding debt at year end.

**Table 5**  
**Outstanding Debt at Year End**

	Governmental Activities	
	2023	2022
Bonds Payable:		
2011 School Improvement Bond	\$680,000	\$890,000
2012 School Improvement Bond	690,000	850,000
2012 School Improvement Bond, Series B	190,000	235,000
2018 School Improvement Bond	1,275,000	1,375,000
2021 School Improvement Bond	922,000	1,046,000
Direct Placement:		
2023 Lease-Purchase Financing	2,920,000	0
Notes Payable	790,000	875,000
	<u>\$7,467,000</u>	<u>\$5,271,000</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

**Auburn Vocational School District, Ohio  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2023  
(Unaudited)**

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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. 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, 2023

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$14,880,744
Receivables:	
Taxes	7,312,820
Accounts	138,161
Intergovernmental	56,377
Accrued Interest	11,687
Leases	1,272,971
Prepaid Items	4,059
Inventory	1,113
Net OPEB Asset	824,472
Nondepreciable Capital Assets	2,108,587
Depreciable Capital Assets, Net	15,701,133
Total Assets	<u>42,312,124</u>
Deferred Outflows of Resources:	
Pension	2,179,336
OPEB	184,997
Total Deferred Outflows of Resources	<u>2,364,333</u>
Liabilities:	
Accounts Payable	182,600
Contracts Payable	305,973
Accrued Interest Payable	18,349
Accrued Wages	570,219
Accrued Liabilities Payable	1,486,046
Unearned Revenue	43,260
Long-Term Liabilities:	
Due Within One Year	940,323
Due In More Than One Year:	
Net Pension Liability	8,994,803
Net OPEB Liability	502,879
Other Amounts	7,063,910
Total Liabilities	<u>20,108,362</u>
Deferred Inflows of Resources:	
Property Taxes	5,941,308
Leases	1,245,508
Pension	1,057,318
OPEB	1,451,303
Total Deferred Inflows of Resources	<u>9,695,437</u>
Net Position:	
Net Investment in Capital Assets	10,391,120
Restricted for:	
Capital Projects	2,984,904
Locally Funded Programs	52,461
Food Service Operations	47,718
Student Activities	73,050
Net OPEB Asset	824,472
Other Purposes	10,308
Unrestricted	488,625
Total Net Position	<u>\$14,872,658</u>

See accompanying notes to the basic financial statements.

Auburn Vocational School District, Ohio  
Statement of Activities  
For the Fiscal Year Ended June 30, 2023

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Special	\$100,784	\$0	\$0	(\$100,784)
Vocational	4,963,736	225,492	294,797	(4,443,447)
Adult/Continuing	1,478,822	1,146,332	470,531	138,041
Other	7,500	0	0	(7,500)
<b>Support Services:</b>				
Pupil	1,194,743	74,389	283,826	(836,528)
Instructional Staff	149,928	0	5,994	(143,934)
Board of Education	94,681	0	0	(94,681)
Administration	1,883,114	569,368	134,230	(1,179,516)
Fiscal	568,602	43,512	10,258	(514,832)
Business	90	0	0	(90)
Operations and Maintenance	1,863,738	78,349	84,973	(1,700,416)
Pupil Transportation	5,884	0	0	(5,884)
Central	255,178	0	0	(255,178)
Other Non-Instructional Services	157,151	147,431	52,329	42,609
Extracurricular Activities	57,935	58,993	0	1,058
Interest and Fiscal Charges	304,658	0	0	(304,658)
<b>Total Governmental Activities</b>	<b>13,086,544</b>	<b>2,343,866</b>	<b>1,336,938</b>	<b>(9,405,740)</b>
<b>General Revenues:</b>				
<b>Property Taxes Levied for:</b>				
				6,071,763
				1,015,611
				3,501,879
				514,336
				192,830
<b>Total General Revenues</b>				<b>11,296,419</b>
<b>Change in Net Position</b>				<b>1,890,679</b>
<b>Net Position - Beginning of Year</b>				<b>12,981,979</b>
<b>Net Position - End of Year</b>				<b>\$14,872,658</b>

See accompanying notes to the basic financial statements.

Auburn Vocational School District, Ohio  
Balance Sheet  
Governmental Funds  
June 30, 2023

	General	Adult Education	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$10,854,684	\$355,202	\$3,124,870	\$545,988	\$14,880,744
<b>Receivables:</b>					
Taxes	7,312,820	0	0	0	7,312,820
Accounts	132,185	5,976	0	0	138,161
Intergovernmental	0	0	0	56,377	56,377
Accrued Interest	11,687	0	0	0	11,687
Interfund	1,091,574	0	0	0	1,091,574
Leases	0	0	1,272,971	0	1,272,971
Prepaid Items	3,927	46	0	86	4,059
Inventory	0	0	0	1,113	1,113
<b>Total Assets</b>	<b>19,406,877</b>	<b>361,224</b>	<b>4,397,841</b>	<b>603,564</b>	<b>24,769,506</b>
<b>Liabilities:</b>					
Accounts Payable	102,115	25,873	0	54,612	182,600
Contracts Payable	0	0	108,777	197,196	305,973
Accrued Wages	552,556	6,429	0	11,234	570,219
Compensated Absences	25,754	0	0	0	25,754
Interfund Payable	0	655,000	0	436,574	1,091,574
Accrued Liabilities Payable	1,486,046	0	0	0	1,486,046
Unearned Revenue	0	0	0	43,260	43,260
<b>Total Liabilities</b>	<b>2,166,471</b>	<b>687,302</b>	<b>108,777</b>	<b>742,876</b>	<b>3,705,426</b>
<b>Deferred Inflows of Resources:</b>					
Property Taxes	6,244,853	0	0	0	6,244,853
Grants	0	0	0	56,377	56,377
Leases	0	0	1,245,508	0	1,245,508
Investment Earnings	6,788	0	0	0	6,788
<b>Total Deferred Inflows of Resources</b>	<b>6,251,641</b>	<b>0</b>	<b>1,245,508</b>	<b>56,377</b>	<b>7,553,526</b>
<b>Fund Balances:</b>					
Nonspendable	668,240	46	27,463	86	695,835
Restricted	0	0	3,016,093	185,969	3,202,062
Assigned	1,202,499	0	0	0	1,202,499
Unassigned	9,118,026	(326,124)	0	(381,744)	8,410,158
<b>Total Fund Balances</b>	<b>10,988,765</b>	<b>(326,078)</b>	<b>3,043,556</b>	<b>(195,689)</b>	<b>13,510,554</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$19,406,877</b>	<b>\$361,224</b>	<b>\$4,397,841</b>	<b>\$603,564</b>	<b>\$24,769,506</b>

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, 2023

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Total Governmental Fund Balance		\$13,510,554
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		17,809,720
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	303,545	
Interest	6,788	
Intergovernmental	56,377	
		366,710
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.		
		(18,349)
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		(511,479)
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	2,179,336	
Deferred inflows of resources related to pensions	(1,057,318)	
Deferred outflows of resources related to OPEB	184,997	
Deferred inflows of resources related to OPEB	(1,451,303)	
		(144,288)
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	824,472	
Net Pension Liability	(8,994,803)	
Net OPEB Liability	(502,879)	
Other Amounts	(7,467,000)	
		(16,140,210)
Net Position of Governmental Activities		<u>\$14,872,658</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, 2023

	General	Adult Education	Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property and Other Taxes	\$6,071,901	\$0	\$0	\$1,015,611	\$7,087,512
Tuition and Fees	69,621	1,863,133	0	0	1,932,754
Investment Earnings	475,347	0	33,504	0	508,851
Intergovernmental	3,552,468	439,237	0	822,701	4,814,406
Extracurricular Activities	0	0	0	58,993	58,993
Charges for Services	36,965	0	100,671	45,666	183,302
Other Revenues	263,959	86,838	0	10,850	361,647
<b>Total Revenues</b>	<b>10,470,261</b>	<b>2,389,208</b>	<b>134,175</b>	<b>1,953,821</b>	<b>14,947,465</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Special	105,297	0	0	0	105,297
Vocational	4,448,504	0	0	224,131	4,672,635
Adult/Continuing	0	1,321,991	0	216,508	1,538,499
Other	0	0	0	7,500	7,500
<b>Support Services:</b>					
Pupil	841,971	85,054	0	300,193	1,227,218
Instructional Staff	6,858	0	0	7,979	14,837
Board of Education	96,271	0	0	0	96,271
Administration	1,338,993	652,502	0	0	1,991,495
Fiscal	546,153	49,909	0	0	596,062
Business	90	0	0	0	90
Operations and Maintenance	1,381,842	34,814	0	81,647	1,498,303
Pupil Transportation	5,554	0	0	0	5,554
Central	222,917	0	0	0	222,917
Other Non-Instructional Services	24,492	0	0	133,471	157,963
Extracurricular Activities	5,989	0	0	62,148	68,137
Capital Outlay	4,389	0	484,279	548,701	1,037,369
<b>Debt Service:</b>					
Principal Retirement	0	0	85,000	819,000	904,000
Interest and Fiscal Charges	0	0	26,557	196,611	223,168
Issuance Cost	0	0	75,000	0	75,000
<b>Total Expenditures</b>	<b>9,029,320</b>	<b>2,144,270</b>	<b>670,836</b>	<b>2,597,889</b>	<b>14,442,315</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,440,941</b>	<b>244,938</b>	<b>(536,661)</b>	<b>(644,068)</b>	<b>505,150</b>
<b>Other Financing Sources (Uses):</b>					
Issuance of Long-Term Capital-Related Debt	0	0	3,100,000	0	3,100,000
Transfers In	0	0	0	211,251	211,251
Transfers (Out)	(211,251)	0	0	0	(211,251)
<b>Total Other Financing Sources (Uses)</b>	<b>(211,251)</b>	<b>0</b>	<b>3,100,000</b>	<b>211,251</b>	<b>3,100,000</b>
<b>Net Change in Fund Balance</b>	<b>1,229,690</b>	<b>244,938</b>	<b>2,563,339</b>	<b>(432,817)</b>	<b>3,605,150</b>
<b>Fund Balance - Beginning of Year</b>	<b>9,759,075</b>	<b>(571,016)</b>	<b>480,217</b>	<b>237,128</b>	<b>9,905,404</b>
<b>Fund Balance - End of Year</b>	<b>\$10,988,765</b>	<b>(\$326,078)</b>	<b>\$3,043,556</b>	<b>(\$195,689)</b>	<b>\$13,510,554</b>

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, 2023

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Net Change in Fund Balance - Total Governmental Funds \$3,605,150

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	1,084,463	
Depreciation Expense	<u>(1,126,701)</u>	(42,238)

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	820,159	
Pension Expense	(608,568)	
OPEB Contributions	18,322	
OPEB Expense	<u>267,306</u>	497,219

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

Delinquent Property Taxes	(137)	
Interest	5,485	
Intergovernmental	<u>24,410</u>	29,758

Repayment of bond and note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 904,000

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. (6,490)

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		3,280
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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. (3,100,000)

Change in Net Position of Governmental Activities \$1,890,679

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, 2023**

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**Note 1 – Description of the District**

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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, 2023 was 772. The District employed 49 certificated employees and 18 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 Council Sheakley UniComp 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**

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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, 2023**

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**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, 2023**

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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.

Construction Fund – The construction fund, a capital projects fund is used to account for the construction of buildings and improvements.

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.

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**Auburn Vocational School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**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, leases, pension, OPEB plans and investment earnings. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance the fiscal year

**Auburn Vocational School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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2024 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.

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 \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during the fiscal year 2023 amounted to \$475,347 credited to the general fund and \$33,504 credited to the construction 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.

**Auburn Vocational School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**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.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2023 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 \$4,059 of prepaid items for fiscal year 2023.

**Leased Assets**

A leased asset is a lessee’s right to use an asset over the life of a lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received. The amortization period of the leased asset is from the lease commencement date to the earlier of the end of the lease term or the end of the useful life of the asset. At the termination of the lease, the leased asset and associated lease liability are removed from the books of the lessee. The difference between the two amounts is accounted for as a gain or loss at that time.

**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

**Auburn Vocational School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**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.

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.

**Auburn Vocational School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**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.

**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.



**Auburn Vocational School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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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.

**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**

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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, 2023**

Fund Balances	General	Adult Education	Construction Fund	Other Governmental Funds	Total
Nonspendable on:					
Unclaimed Monies	\$9,314	\$0	\$0	\$0	\$9,314
Prepays	3,926	46	0	86	4,058
Leases	0	0	27,463	0	27,463
Long Term Advances	655,000	0	0	0	655,000
<b>Total Nonspendable</b>	<b>668,240</b>	<b>46</b>	<b>27,463</b>	<b>86</b>	<b>695,835</b>
Restricted for:					
Lake County Family & Children					
Wellness Block	0	0	0	52,461	52,461
Aspire Program	0	0	0	4,491	4,491
Scholarships	0	0	0	5,817	5,817
Student Managed Activities	0	0	0	73,050	73,050
Lunchroom	0	0	0	50,150	50,150
Construction Fund	0	0	3,016,093	0	3,016,093
<b>Total Restricted</b>	<b>0</b>	<b>0</b>	<b>3,016,093</b>	<b>185,969</b>	<b>3,202,062</b>
Assigned to:					
Budgetary Resource	1,034,859	0	0	0	1,034,859
Public Schools	26,044	0	0	0	26,044
Encumbrances	141,596	0	0	0	141,596
<b>Total Assigned</b>	<b>1,202,499</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,202,499</b>
Unassigned	9,118,026	(326,124)	0	(381,744)	8,410,158
<b>Total Fund Balance</b>	<b>\$10,988,765</b>	<b>(\$326,078)</b>	<b>\$ 3,043,556</b>	<b>(\$195,689)</b>	<b>\$13,510,554</b>

**Note 4 – Accountability**

The following funds had a deficit fund balance as of June 30, 2023:

Fund	Amount
Major Fund:	
Adult Education	\$326,078
Other Governmental Funds:	
Vocational Education Carl D Perkins	86,427
Adult Basic Education	13,202
DODD	24,771
Capital Projects	257,292

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.

**Note 5 – Deposits and Investments**

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

**Auburn Vocational School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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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.
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

**Auburn Vocational School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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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, 2023, \$12,080,545 of the District's bank balance of \$12,356,893 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, 2023**

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**Investments**

Investments are reported at fair value. As of June 30, 2023, the District had the following investments:

	Fair Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Negotiable CDs	\$1,233,378	Level 2	0.85
Municipal Bonds	98,511	Level 2	0.42
Taxable Municipal Bonds	220,286	Level 2	1.55
STAR Ohio	112,149	N/A	0.11
Money Market Funds	8,827	N/A	0.00
Federal Home Loan Mortgage Corporation	190,517	Level 2	1.77
Federal Farm Credit Bank	69,814	Level 2	0.11
Federal Home Loan Bank - Discount Note	608,674	Level 2	0.69
Total Fair Value	<u>\$2,542,156</u>		
Portfolio Weighted Average Maturity			0.87

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, 2023. 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 49% in negotiable CDs, 24% in federal home Loan Bank, 7% in federal home loan mortgage corporation, 9% in taxable municipal bonds, 3% in federal farm credit bank, 4% in municipal bonds, 4% in STAR Ohio and less than 1% in money market funds.

**Auburn Vocational School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**Note 6 – Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used for public utility) located in the District. Real property tax revenue received in calendar 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, 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 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien December 31, 2021, were levied after April 1, 2022 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, 2023, 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, 2023 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 2023 taxes were collected are:

	<u>Amount</u>
Real Property	
Residential/agricultural	\$4,438,823,870
Other	654,546,810
Tangible and Public Utility Personal	
Public utilities	<u>269,182,570</u>
Total	<u><u>\$5,362,553,250</u></u>

**Auburn Vocational School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**Note 7 – Receivables**

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Receivables at June 30, 2023 consisted of taxes, accounts, interfund, intergovernmental grants, leases, 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**

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**Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$2,108,587	\$0	\$0	\$2,108,587
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,894,783	0	0	1,894,783
Buildings and Improvements	27,208,861	515,413	0	27,724,274
Furniture, Fixtures and Equipment	8,049,964	569,050	0	8,619,014
Vehicles	284,175	0	0	284,175
Totals at Historical Cost	<u>39,546,370</u>	<u>1,084,463</u>	<u>0</u>	<u>40,630,833</u>
Less Accumulated Depreciation:				
Land Improvements	1,088,345	59,597	0	1,147,942
Building Improvements	13,695,768	786,124	0	14,481,892
Furniture, Fixtures and Equipment	6,708,964	267,324	0	6,976,288
Vehicles	201,335	13,656	0	214,991
Total Accumulated Depreciation	<u>21,694,412</u>	<u>1,126,701</u>	<u>0</u>	<u>22,821,113</u>
Governmental Activities Capital Assets, Net	<u>\$17,851,958</u>	<u>(\$42,238)</u>	<u>\$0</u>	<u>\$17,809,720</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$506,002
Adult Education	7,098
Support Services:	
Pupils	4,507
Instructional Staff	135,091
School Administration	2,817
Fiscal	225
Operations and Maintenance	423,189
Pupil Transportation	338
Central	42,927
Operation of Non-Instructional Services	4,507
Total Depreciation Expense	<u>\$1,126,701</u>

**Auburn Vocational School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**Note 9 – Risk Management**

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**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 Council Sheakley UniComp 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**

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

**Net Pension Liability/Net OPEB Liability (Asset)**

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

The net pension/OPEB liability (asset) represent the 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.



**Auburn Vocational School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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

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

The 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](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

**Auburn Vocational School District, Ohio**  
**Notes to the Basic Financial Statements**  
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Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. 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. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0.0%. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5% COLA for calendar year 2023.

**Funding Policy**

Plan members are required to contribute 10.0% of their annual covered salary and the District is required to contribute 14.0% 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 10.0% for plan members and 14.0% 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, 2023, the allocation to pension, death benefits, and Medicare B was 14.0%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$199,461 for fiscal year 2023. Of this amount \$29,927 is reported as accrued wages and benefits.

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

**Plan Description**

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

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% 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 0.0% upon a determination by its actuary that it was necessary 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. Effective July 1, 2022, an ad-hoc COLA of 3.0% of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in August 1, 2023, when retirement eligibility for unreduced

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benefits will be five years of service credit and age 65, or 34 years of service credit and any age. Further adjusting to five years of service and age 65, or 35 years of service credit and any age as of August 1, 2028.

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

The DC Plan allows members to place all their member contributions and 9.53% of the 14.0% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47% of the 14.0% 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, 12.0% of the 14.0% member rate is deposited into the member's DC account and the remaining 2.0% 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 on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**Funding Policy**

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2023 employer and employee contribution rate of 14.0% was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$620,698 for fiscal year 2023. Of this amount \$46,750 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**

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The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the 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	\$1,916,487	\$7,078,317	\$8,994,803
Proportion of the Net Pension Liability:			
Current Measurement Date	0.03543290%	0.03184110%	
Prior Measurement Date	<u>0.03773210%</u>	<u>0.03149998%</u>	
Change in Proportionate Share	-0.00229920%	0.00034112%	
Pension Expense	\$376	\$608,192	\$608,568

At June 30 2023, 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	77,619	90,612	\$168,231
Changes of assumptions	18,910	847,062	865,972
Net difference between projected and actual earnings on pension plan investments	0	246,310	246,310
Changes in employer proportionate share of net pension liability	3,551	75,113	78,664
Contributions subsequent to the measurement date	<u>199,461</u>	<u>620,698</u>	<u>820,159</u>
Total Deferred Outflows of Resources	<u>\$299,541</u>	<u>\$1,879,795</u>	<u>\$2,179,336</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	12,581	27,077	\$39,658
Changes of assumptions	0	637,594	637,594
Net difference between projected and actual earnings on pension plan investments	66,877	0	66,877
Changes in employer proportionate share of net pension liability	<u>85,520</u>	<u>227,669</u>	<u>313,189</u>
Total Deferred Inflows of Resources	<u>\$164,978</u>	<u>\$892,340</u>	<u>\$1,057,318</u>

\$820,159 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Fiscal Year Ending June 30:	SERS	STRS	Total
2024	(\$31,935)	(\$34,479)	(\$66,414)
2025	(\$48,565)	(\$100,306)	(148,871)
2026	(\$95,535)	(\$216,316)	(311,851)
2027	\$111,137	\$717,858	828,995
Total	(\$64,898)	\$366,757	\$301,859

**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, 2022 and compared with June 30, 2021, are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.40%	2.40%
Future Salary Increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
COLA or Ad Hoc COLA	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00% net of system expenses	7.00% net of system expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and

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set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	-0.45%
US Equity	24.75%	5.37%
Non-US Equity Developed	13.50%	6.22%
Non-US Equity Emerging	6.75%	8.22%
Fixed Income/Global Bonds	19.00%	1.20%
Private Equity	11.00%	10.05%
Real Estate/Real Assets	16.00%	4.87%
Multi-Asset Strategy	4.00%	3.39%
Private Debt/Private Credit	3.00%	5.38%
Total	100.00%	

**Discount Rate**

The total pension liability for 2022 was calculated using the discount rate of 7.00%. 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 (7.00%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**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 7.00%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

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	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$2,820,977	\$1,916,487	\$1,154,466

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2022, actuarial valuation compared to those used in the June 30, 2021, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected Salary Increases	From 2.50% to 8.50% based on age	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.00% net of investments expense, including inflation	7.00% net of investments expense, including inflation
Discount Rate of Return	7.00%	7.00%
Payroll Increases	3.00%	3.00%
Cost-of-Living Adjustments (COLA)	0.00%	0.00%

For 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95.0% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50.0% of rates through age 69, 70.0% of rates between ages 70 and 79, 90.0% of rates between ages 80 and 84, and 100.0% 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 90.0% of rates for males and 100.0% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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

\* Final target weights reflected October 1, 2022.

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

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

The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00%, 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 (6.00%) or one-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$10,692,760	\$7,078,317	\$4,021,617

**Changes Between the Measurement Date and the Reporting Date**

In May 2023, the Board approved the following:

1. Retirees who started receiving benefits on June 1, 2019, or earlier will receive a 1.0% cost-of-living adjustment (COLA) in fiscal year 2024. The increase will be added to the base benefit on the retirement date anniversary.



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2. For teachers now in the classroom, the current retirement eligibility rule requiring 34 years of service for an unreduced retirement has been extended five years through July 2028. The requirement was scheduled to increase to 35 years of service on August 1, 2023.

Any effect on the net pension liability is not known at this time.

**Note 11 - Defined Benefit OPEB Plans**

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

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

**Health Care Plan Description**

The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. 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](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. 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 14.0% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, 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 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the District's surcharge obligation was \$18,322.

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The surcharge, added to the allocated portion of the 14.00% employer contribution rate is the total amount assigned to the Health Care Fund. The District’s contractually required contribution to SERS was \$18,322 for fiscal year 2023.

**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](http://www.strsoh.org) or by calling (888) 227-7877.

**Funding Policy**

Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. 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 14.0% of covered payroll. For the fiscal year ended June 30, 2023, 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, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	502,879	\$0	\$502,879
Proportionate Share of the Net OPEB (Asset)	0	(824,472)	(824,472)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.03581730%	0.03184110%	
Prior Measurement Date	<u>0.03730320%</u>	<u>0.03149998%</u>	
Change in Proportionate Share	-0.00148590%	0.00034112%	
OPEB Expense	(94,702)	(172,604)	(\$267,306)

At June 30 2023, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$4,228	\$11,952	\$16,180
Changes of assumptions	79,989	35,120	115,109
Net difference between projected and actual earnings on OPEB plan investments	2,614	14,352	16,966
Changes in employer proportionate share of net OPEB liability	16,600	1,820	18,420
Contributions subsequent to the measurement date	18,322	0	18,322
<b>Total Deferred Outflows of Resources</b>	<b>\$121,753</b>	<b>\$63,244</b>	<b>\$184,997</b>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$321,678	\$123,821	\$445,499
Changes of assumptions	206,435	584,631	791,066
Changes in employer proportionate share of net OPEB liability	168,649	46,089	214,738
<b>Total Deferred Inflows of Resources</b>	<b>\$696,762</b>	<b>\$754,541</b>	<b>\$1,451,303</b>

\$18,322 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, 2024. 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
2024	(151,145)	(213,130)	(\$364,275)
2025	(145,485)	(206,697)	(352,182)
2026	(118,459)	(88,268)	(206,727)
2027	(67,355)	(37,237)	(104,592)
2028	(41,102)	(48,298)	(89,400)
Thereafter	(69,785)	(97,667)	(167,452)
<b>Total</b>	<b>(\$593,331)</b>	<b>(\$691,297)</b>	<b>(\$1,284,628)</b>

**Actuarial Assumptions - SERS**

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

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

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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, 2022, compared with June 30, 2021, are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.40%	2.40%
Future Salary Increases, Including Inflation		
Wage Increases	3.25% to 13.58%	3.25% to 13.58%
Investment Rate of Return	7.00% net of investment expense, including inflation	7.00% net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2044	2042
Municipal Bond Index Rate:		
Measurement Date	3.69%	1.92%
Prior Measurement Date	1.92%	2.45%
Single Equivalent Interest Rate (SEIR), net of plan investment expense, including price inflation:		
Measurement Date	4.08%	2.27%
Prior Measurement Date	2.27%	2.63%
Health Care Cost Trend Rate:		
Medicare	5.125% to 4.40%	5.125% to 4.40%
Pre-Medicare	6.75% to 4.40%	6.75% to 4.40%
Medical Trend Assumption	7.00% to 4.40%	7.00% to 4.40%

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

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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 2016 through 2020, and was adopted by the Board in 2021.

Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The 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, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	-0.45%
US Equity	24.75%	5.37%
Non-US Equity Developed	13.50%	6.22%
Non-US Equity Emerging	6.75%	8.22%
Fixed Income/Global Bonds	19.00%	1.20%
Private Equity	11.00%	10.05%
Real Estate/Real Assets	16.00%	4.87%
Multi-Asset Strategy	4.00%	3.39%
Private Debt/Private Credit	3.00%	5.38%
Total	100.00%	

**Discount Rate**

The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08%. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022, and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69% at June 30, 2022 and 1.92% at June 30, 2021.

**Auburn Vocational School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**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 (3.08%) and higher (5.08%) than the current discount rate (4.08%). 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 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Proportionate share of the net OPEB liability	\$624,583	\$502,879	\$404,630
	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
Proportionate share of the net OPEB liability	\$387,810	\$502,879	\$653,177

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2022, actuarial valuation and the June 30, 2021 actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 12.50%
Investment Rate of Return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Payroll Increases	3.00%	3.00%
Discount Rate of Return	7.00%	7.00%
Health Care Cost Trends:		
Medical		
Pre-Medicare	7.50% initial, 3.94% ultimate	5.00% initial, 4.00% ultimate
Medicare	-68.78% initial, 3.94% ultimate	-16.18% initial, 4.00% ultimate
Prescription Drug		
Pre-Medicare	9.00% initial, 3.94% ultimate	6.50% initial, 4.00% ultimate
Medicare	-5.47% initial, 3.94% ultimate	29.98% initial, 4.00% ultimate

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

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee

**Auburn Vocational School District, Ohio**  
**Notes to the Basic Financial Statements**  
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Table adjusted 95.0% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50.0% of rates through age 69, 70.0% of rates between ages 70 and 79, 90.0% of rates between ages 80 and 84, and 100.0% 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 90.0% of rates for males and 100.0% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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

\* Target allocation percentage is effective as of July 1, 2022. Target weights will be phased in over a 3-month period concluding on October 1, 2022.

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

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on 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, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

**Sensitivity of the Proportionate Share of the Net OPEB (Asset) to Changes in the Discount and Health**

**Auburn Vocational School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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**Care Cost Trend Rate**

The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net OPEB (asset)	(\$762,203)	(\$824,472)	(\$877,811)
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$855,178)	(\$824,472)	(\$785,713)

**Changes Between the Measurement Date and the Reporting Date**

In May 2023, the Board approved the following:

1. Retirees who started receiving benefits on June 1, 2019, or earlier will receive a 1.0% cost-of-living adjustment (COLA) in fiscal year 2024. The increase will be added to the base benefit on the retirement date anniversary.
2. For teachers now in the classroom, the current retirement eligibility rule requiring 34 years of service for an unreduced retirement has been extended five years through July 2028. The requirement was scheduled to increase to 35 years of service on August 1, 2023.

Any effect on the net OPEB asset is not known at this time.

**Note 12 – Employee Benefits**

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**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**

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**Ohio Schools Council**

The Ohio Schools Council (Council) is a jointly governed organization among 249 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



**Auburn Vocational School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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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, Concord Township, OH 44077.

**Note 14 – Claims Servicing Pool**

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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.

**Note 15 – Contingencies**

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**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 2023 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2023 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

**Auburn Vocational School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2023, if applicable, cannot be determined at this time.

**Litigation**

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

**Note 16 – Interfund Transactions**

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Interfund transactions at June 30, 2023, consisted of the following interfund receivables, interfund payables, transfers in and transfers out:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$1,091,574	\$0	\$0	\$211,251
Adult Education Fund	0	655,000	0	0
Other Governmental Funds	0	436,574	211,251	0
Total all funds	<u>\$1,091,574</u>	<u>\$1,091,574</u>	<u>\$211,251</u>	<u>\$211,251</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, 2023, the \$436,574 interfund loan outstanding is anticipated to be repaid in fiscal year 2024. The \$655,000 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.

**Note 17 – Set-Asides**

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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.

**Auburn Vocational School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

	Capital Acquisition
Set Aside Reserve Balance as of June 30, 2022	\$0
Current Year Set Aside Requirements	73,401
Current Year Offsets	(146,122)
Set Aside Balance as of June 30, 2023	(\$72,721)
and carried forward to future fiscal years	\$0

**Note 18 – Long-Term Obligations**

Changes in long-term obligations of the District during fiscal year 2023 were as follows:

	Rate	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
<b>Governmental Activities:</b>						
General Obligation Bonds:						
2011 School Improvement Bond	3.61%	\$890,000	\$0	\$210,000	\$680,000	\$220,000
2012 School Improvement Bond	2.34%	850,000	0	160,000	690,000	165,000
2012 School Improvement Bond - Series B	2.48%	235,000	0	45,000	190,000	45,000
2018 School Improvement Bond	3.04%	1,375,000	0	100,000	1,275,000	105,000
2021 School Improvement Bond	1.41%	1,046,000	0	124,000	922,000	126,000
Subtotal General Obligation Bonds		4,396,000	0	639,000	3,757,000	661,000
2023 Lease-Purchase Financing	3.35%	0	3,100,000	180,000	2,920,000	160,000
Notes Payable		875,000	0	85,000	790,000	90,000
Compensated Absences		514,759	44,475	22,001	537,233	29,323
Subtotal Bonds and Other Amounts		5,785,759	3,144,475	926,001	8,004,233	940,323
Net Pension Liability		5,419,760	3,575,043	0	8,994,803	0
Net OPEB Liability		705,994	0	203,115	502,879	0
Total Long-Term Obligations		\$11,911,513	\$6,719,518	\$1,129,116	\$17,501,915	\$940,323

*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.

In September 2015, the District entered into an 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.

**Auburn Vocational School District, Ohio**  
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**For the Fiscal Year Ended June 30, 2023**

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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.

In August 2022, the District issued \$3,100,000 in Series 2022, lease-purchase financing through a direct placement sale. The direct placement sale have terms negotiated directly between the District and the lender and are not offered for public sale. The first payment on the lease-purchase financing was due on June 1, 2023. The lease-purchase financing are to be repaid from the debt service fund and are scheduled to mature in June 1, 2037.

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, 2023 are as follows:

Fiscal Year Ending June 30	General Obligation Bonds			Notes Payable		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$661,000	\$97,166	\$758,166	\$90,000	\$23,766	\$113,766
2025	678,000	79,280	757,280	90,000	20,895	110,895
2026	704,000	62,691	766,691	95,000	17,944	112,944
2027	481,000	45,361	526,361	95,000	14,913	109,913
2028	259,000	36,233	295,233	100,000	11,803	111,803
2029-2033	974,000	87,553	1,061,553	320,000	15,472	335,472
Total	\$3,757,000	\$408,285	\$4,165,285	\$790,000	\$104,793	\$894,793

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**Auburn Vocational School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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Principal and interest requirements to amortize all lease-purchase financing at June 30, 2023 are as follows:

Fiscal Year Ending June 30	Lease-Purchase Financing		
	Principal	Interest	Total
2024	\$160,000	\$97,820	\$257,820
2025	165,000	92,460	257,460
2026	175,000	86,933	261,933
2027	180,000	81,070	261,070
2028	185,000	75,040	260,040
2029-2033	1,055,000	276,543	1,331,543
2034-2037	1,000,000	86,436	1,086,436
Total	<u>\$2,920,000</u>	<u>\$796,302</u>	<u>\$3,716,302</u>

**Note 19 – Lease – Lessor Disclosure**

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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 (a successor entity to Lake County Educational Service Center) and Lake Geauga Computer Association. The lease was effective May 1, 2016 through April 30, 2036, and May 1, 2015 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.

**Note 20 – Implementation of New Accounting Principles**

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For fiscal year 2023, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 91, Conduit Debt Obligations; GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements; GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs); and portions of GASB Statement No. 99, Omnibus 2022.

GASB Statement No. 91 clarifies the definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the School District.

GASB Statement No. 94 primary objective is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession

**Auburn Vocational School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2023**

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arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

GASB Statement No. 94 also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the School District.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the School District.

GASB Statement No. 99 addresses a variety of topics and includes clarification of provisions related to accounting and reporting of leases under GASB Statement No. 87, provides extension of the period which the London Interbank Offered Rate is considered appropriate benchmark interest rate, guidance on disclosure of nonmonetary transaction, accounting for pledges of future revenues when resources are not received by the pledging government under GASB Statement No. 48, and terminology updates related to certain provisions of GASB Statement No. 63 and No. 53. These topics under GASB Statement No. 99 provisions were implemented and did not have an effect on the financial statements of the School District.

Other topics in GASB Statement No. 99 includes classification of other derivative instruments within the scope of GASB Statement No. 53, clarification of provisions related to accounting and reporting of Public-Private and Public-Public Partnerships under GASB Statement No. 94, and clarification of provisions to accounting and reporting of subscription-based information technology arrangements under GASB Statement No. 96. These topics are effective for future fiscal years and have not been implemented by of the School District.

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***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 Ten Fiscal Years (1)

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
2023	0.03543290%	\$1,916,487	\$1,323,621	144.79%	75.82%
2022	0.03773210%	1,392,205	1,302,414	106.89%	82.86%
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%	2,972,328	1,253,591	237.11%	65.52%

(1) 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
2023	\$199,461	(\$199,461)	\$0	\$1,424,721	14.00%
2022	185,307	(185,307)	0	1,323,621	14.00%
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%

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 Ten Fiscal Years (1)

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
2023	0.03184110%	\$7,078,317	\$4,139,493	170.99%	78.88%
2022	0.03149998%	4,027,555	3,886,893	103.62%	87.78%
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) 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
2023	\$620,698	(\$620,698)	\$0	\$4,433,557	14.00%
2022	579,529	(579,529)	0	4,139,493	14.00%
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%

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 Seven 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
2023	0.03581730%	\$502,879	\$1,323,621	37.99%	30.34%
2022	0.03730320%	705,994	1,302,414	54.21%	24.08%
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	0.04717640%	1,266,091	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 Eight 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
2023	\$18,322	(\$18,322)	\$0	\$1,424,721	1.29%
2022	21,277	(21,277)	0	1,323,621	1.61%
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 Seven 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
2023	0.03184110%	(\$824,472)	\$4,139,493	(19.92%)	230.73%
2022	0.03149998%	(664,151)	3,886,893	(17.09%)	174.73%
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 Eight 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
2023	\$0	\$0	\$0	\$4,433,557	0.00%
2022	0	0	0	4,139,493	0.00%
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, 2023

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$6,495,819	\$6,996,709	\$7,049,979	\$53,270
Tuition and Fees	\$49,995	\$53,850	\$54,260	\$410
Investment Earnings	441,854	475,925	479,549	3,624
Intergovernmental	3,273,228	3,525,625	3,552,468	26,843
Other Revenues	223,230	240,443	242,274	1,831
<b>Total Revenues</b>	<b>10,484,126</b>	<b>11,292,552</b>	<b>11,378,530</b>	<b>85,978</b>
Expenditures:				
Current:				
Instruction:				
Special	76,958	106,656	106,833	(177)
Vocational	3,229,492	4,475,768	4,483,198	(7,430)
Support Services:				
Pupil	618,862	857,683	859,107	(1,424)
Instructional Staff	4,940	6,847	6,858	(11)
General Administration	75,327	104,396	104,569	(173)
School Administration	962,058	1,333,321	1,335,534	(2,213)
Fiscal	389,139	539,310	540,205	(895)
Business	65	90	90	0
Operations and Maintenance	1,077,033	1,492,665	1,495,143	(2,478)
Pupil Transportation	4,001	5,545	5,554	(9)
Central	68,166	94,471	94,628	(157)
Extracurricular Activities	4,314	5,979	5,989	(10)
Capital Outlay	3,162	4,382	4,389	(7)
<b>Total Expenditures</b>	<b>6,513,517</b>	<b>9,027,113</b>	<b>9,042,097</b>	<b>(14,984)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>3,970,609</b>	<b>2,265,439</b>	<b>2,336,433</b>	<b>70,994</b>
Other Financing Sources (Uses):				
Advances In	25,361	27,317	27,525	208
Advances (Out)	(281,163)	(389,665)	(390,312)	(647)
Transfers (Out)	(998,526)	(1,383,862)	(1,386,159)	(2,297)
<b>Total Other Financing Sources (Uses)</b>	<b>(1,254,328)</b>	<b>(1,746,210)</b>	<b>(1,748,946)</b>	<b>(2,736)</b>
<b>Net Change in Fund Balance</b>	<b>2,716,281</b>	<b>519,229</b>	<b>587,487</b>	<b>68,258</b>
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	10,115,939	10,115,939	10,115,939	0
<b>Fund Balance - End of Year</b>	<b>\$12,832,220</b>	<b>\$10,635,168</b>	<b>\$10,703,426</b>	<b>\$68,258</b>

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, 2023

	Adult Education Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Tuition and Fees	\$1,424,138	\$1,778,992	\$1,874,471	95,479
Intergovernmental	333,712	416,864	439,237	22,373
Other Revenues	61,435	76,743	80,862	4,119
Total Revenues	<u>1,819,285</u>	<u>2,272,599</u>	<u>2,394,570</u>	<u>121,971</u>
Expenditures:				
Current:				
Instruction:				
Adult/Continuing	1,057,499	1,379,734	1,379,738	(4)
Support Services:				
Pupil	67,811	88,474	88,474	0
School Administration	504,019	657,601	657,603	(2)
Fiscal	38,253	49,909	49,909	0
Operations and Maintenance	27,955	36,474	36,474	0
Total Expenditures	<u>1,695,537</u>	<u>2,212,192</u>	<u>2,212,198</u>	<u>(6)</u>
Excess of Revenues Over (Under) Expenditures	<u>123,748</u>	<u>60,407</u>	<u>182,372</u>	<u>121,965</u>
Other Financing Sources (Uses):				
Advances (Out)	(76,645)	(100,000)	(100,000)	0
Total Other Financing Sources (Uses)	<u>(76,645)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>0</u>
Net Change in Fund Balance	47,103	(39,593)	82,372	121,965
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>197,698</u>	<u>197,698</u>	<u>197,698</u>	<u>0</u>
Fund Balance - End of Year	<u>\$244,801</u>	<u>\$158,105</u>	<u>\$280,070</u>	<u>\$121,965</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, 2023**

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**Note 1 – Budgetary Process**

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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 2023.

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, 2023**

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Net Change in Fund Balance

	General	Adult Education
GAAP Basis	\$1,229,690	\$244,938
Revenue Accruals	908,269	5,362
Expenditure Accruals	204,207	7,206
Transfers (Out)	(1,174,908)	0
Advances In	27,525	0
Advances (Out)	(390,312)	(100,000)
Encumbrances	(216,984)	(75,134)
Budget Basis	<u>\$587,487</u>	<u>\$82,372</u>

**Note 2 - Net Pension Liability**

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**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

2023: There were no changes in benefit terms since the prior measurement period.

2022: Cost of Living Adjustments (COLA) increased from 0.50% to 2.50%.

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 3.00% annual increase to a Cost of Living Adjustments (COLA) based on the changed in the Consumer Price Index Index (CPI-W), with a cap of 2.50% and a floor of 0.00%.

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

**Changes in Assumptions:**

2023: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) Cost of Living Adjustments (COLA) was increased from 2.00% to 2.50% for calendar year 2023.

2022: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.00% to 2.40%,
- (2) Payroll growth assumption was reduced from 3.50% to 1.75%,
- (3) Assumed real wage growth was increased from 0.50% to 0.85%,
- (4) Cost of Living Adjustments (COLA) was reduced from 2.50% to 2.00%,
- (5) The discount rate was reduced from 7.50% to 7.00%,
- (6) Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and,
- (7) Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

**Auburn Vocational School District, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2023**

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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%.

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:**

2019-2023: 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:**

2023: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table:
  - a. Adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020
- (2) Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table:
  - a. Adjusted 95.0% for females, projected forward generationally using mortality improvement scale MP-2020
- (3) Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table:
  - a. Projected forward generationally using mortality improvement scale MP-2020
- (4) Projected salary increases changed from 2.50% to 12.50% to 2.50% to 8.50%

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

**Auburn Vocational School District, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2023**

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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**

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**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

2017-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Changes in Assumptions:**

2023: 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	2.27%
Measurement Date	4.08%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	1.92%
Measurement Date	3.69%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	2.27%
Measurement Date	4.08%
- (4) Health care trend rates were updated.

2022: 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	2.63%
Measurement Date	2.27%
- (2) Investment Rate of Return:

Prior Measurement Date	7.50%
Measurement Date	7.00%

**Auburn Vocational School District, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2023**

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- (3) Assumed Rate of Inflation:
  - Prior Measurement Date 3.00%
  - Measurement Date 2.40%
- (4) Payroll Growth Assumption:
  - Prior Measurement Date 3.50%
  - Measurement Date 1.75%
- (5) Assumed Real Wage Growth:
  - Prior Measurement Date 0.50%
  - Measurement Date 0.85%
- (6) Municipal Bond Index Rate:
  - Prior Measurement Date 2.45%
  - Measurement Date 1.92%
- (7) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
  - Prior Measurement Date 2.63%
  - Measurement Date 2.27%
- (8) Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- (9) Rate of health care participation for future retirees and spouses was updated to reflect recent.
- (10) Mortality among active members was updated to the following:
  - a. PUB-2010 General Amount Weighted Below Median Employee mortality table.
- (11) Mortality among service retired members was updated to the following:
  - a. PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.
- (12) Mortality among beneficiaries was updated to the following:
  - a. PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.
- (13) Mortality among disabled member was updated to the following:
  - a. PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.
- (14) Mortality rates are projected using a fully generational projection with Scale MP-2020.

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%
- (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:

**Auburn Vocational School District, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2023**

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- (1) Discount Rate:
  - Prior Measurement Date 3.70%
  - Measurement Date 3.22%
- (2) Municipal Bond Index Rate:
  - Prior Measurement Date 3.62%
  - Measurement Date 3.13%
- (3) 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:

- (1) Discount Rate:
  - Prior Measurement Date 3.63%
  - Measurement Date 3.70%
- (2) Municipal Bond Index Rate:
  - Prior Measurement Date 3.56%
  - Measurement Date 3.62%
- (3) 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%,
- (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

**Auburn Vocational School District, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2023**

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- (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:**

2023: Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based. Healthcare trends were updated to reflect emerging claims and recoveries experience.

2022: The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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 2.10% to 1.90% 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.



**Auburn Vocational School District, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2023**

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**Changes in Assumptions:**

2023: The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

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.

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% to 4.13% 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% to 7.45%. 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, 2023**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Pass Through Entity Number	Assistance Listing Number	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed Through Ohio Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	3L70	10.553	\$2,903
National School Lunch Program Non-Cash Assistance	3L60	10.555	10,621
National School Lunch Program	3L60	10.555	23,217
COVID 19 National School Lunch Program	3L60	10.555	<u>12,383</u>
Total National Lunch Program			46,221
Total Child Nutrition Cluster			<u>49,124</u>
COVID-19 State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	3HF0	10.649	<u>628</u>
Total U.S. Department of Agriculture			<u>49,752</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Direct Assistance:			
COVID 19 Higher Education Emergency Relief Fund - Institutional Portion	N/A	84.425F	12,392
Passed Through Ohio Department of Developmental Disabilities:			
COVID 19 American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	N/A	84.425U	24,803
Passed Through Ohio Department of Education:			
COVID 19 American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	3HS0	84.425U	9,496
COVID 19 Governor's Emergency Education Relief Fund	3HQ0	84.425C	<u>44,955</u>
Total Education Stabilization Fund			91,646
Direct Assistance:			
Student Financial Assistance Cluster:			
Federal Pell Grant Program	N/A	84.063	206,701
Federal Direct Student Loans	N/A	84.268	<u>295,794</u>
Total Student Financial Assistance Cluster			502,495
Passed Through Ohio Department of Education:			
Adult Education - Basic Grants to States	3120	84.002	269,850
Career and Technical Education - Basic Grants to States	3L90	84.048	<u>374,551</u>
Total U.S Department of Education			<u>1,238,542</u>
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
<i>Passed Through Ohio Facilities Construction Commission:</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	5CV3	21.027	<u>48,295</u>
Total U.S. DEPARTMENT OF THE TREASURY			<u>48,295</u>
Total Expenditures of Federal Awards			<u><u>\$1,336,589</u></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, 2023**

**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.

ALN	Program Name	Amount
84.268	Federal Subsidized Loans	\$116,505
84.268	Federal Unsubsidized Loans	179,289
	Total Federal Direct Student Loans	<u>\$295,794</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 REQUIRED BY *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, 2023, 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 27, 2023.

**Report on 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 or significant deficiencies may exist that were not identified.

## Report on 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.

*Plattensburg & Associates, Inc.*

Plattensburg & Associates, Inc.  
Cincinnati, Ohio  
December 27, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO 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*****Opinion on Each Major Federal Program***

We have audited the Auburn Vocational School District (the District) compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

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, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

## ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

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

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of 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 27, 2023



**AUBURN VOCATIONAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**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:

Career and Technical Education-Basic Grants to State ALN 84.048

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, 2023**

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

# 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 2/13/2024**

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

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