



OHIO AUDITOR OF STATE
KEITH FABER



**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT
LOGAN COUNTY
JUNE 30, 2021**

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**OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT
LOGAN COUNTY
JUNE 30, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Ohio Hi-Point Joint Vocational School District
Logan County
2280 State Route 540
Bellefontaine, Ohio 43311

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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 Ohio Hi-Point Joint Vocational School District, as of June 30, 2021, and the respective changes in financial position thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19 to the financial statements, during 2021, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

As discussed in Note 20 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 4, 2022, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

May 4, 2022

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

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

Financial Highlights

Key financial highlights for 2021 are as follows:

- Net position of governmental activities increased \$1,628,995 which represents a 20% increase from 2020.
- General revenues accounted for \$18,382,707 in revenue or 92% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,625,957 or 8% of total revenues of \$20,008,664.
- The District had \$18,379,669 in expenses related to governmental activities; \$1,625,957 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues of \$18,382,707 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 *Statements 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, Permanent Improvement Fund and the Building Fund are the major funds of the District.

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The Government-wide Financial Statements answers 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.

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

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

- Governmental Activities – All of the District's programs and services are reported here including instruction, support services and operation of non-instructional services.

Fund Financial Statements

The analysis of the District's major funds is 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 All of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund 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.

The District as a Whole

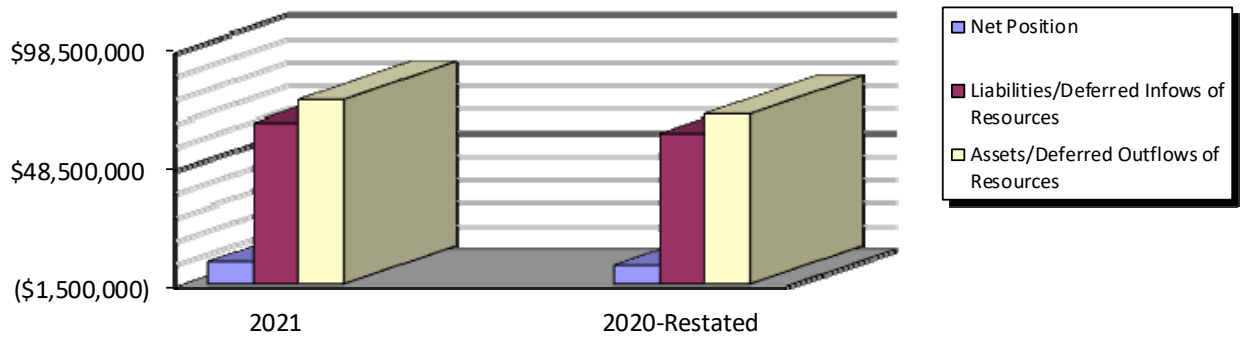
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2021 compared to 2020:

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

Table 1
Net Position

	Governmental Activities	
	2021	2020-Restated
Assets:		
Current and Other Assets	\$54,523,312	\$56,749,195
Net OPEB Asset	985,504	944,563
Capital Assets	18,935,111	10,124,830
Total Assets	74,443,927	67,818,588
Deferred Outflows of Resources:		
OPEB	441,698	393,526
Pension	3,556,039	4,072,033
Total Deferred Outflows of Resources	3,997,737	4,465,559
Liabilities:		
Other Liabilities	6,221,467	1,208,860
Long-Term Liabilities	53,638,527	53,301,321
Total Liabilities	59,859,994	54,510,181
Deferred Inflows of Resources:		
Grants and Other Taxes	1,553	861
Property Taxes	6,816,709	7,409,274
OPEB	1,735,502	1,525,949
Pension	345,293	784,264
Total Deferred Inflows of Resources	8,899,057	9,720,348
Net Position:		
Net Investment in Capital Assets	8,811,376	8,538,018
Restricted	5,093,681	4,225,940
Unrestricted	(4,222,444)	(4,710,340)
Total Net Position	\$9,682,613	\$8,053,618



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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9,682,613.

At year-end, capital assets represented 25% of total assets. Capital assets include land, construction in progress, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2021, was \$8,811,376. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$5,093,681 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.

Capital Assets increased mainly due to current year asset additions being more than current year depreciation. Long-Term Liabilities increased due to an increase in net pension liability.

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

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

Table 2
Changes in Net Position

	Governmental Activities	
	2021	2020-Restated
Revenues:		
Program Revenues		
Charges for Services and Sales	\$839,294	\$546,141
Operating Grants and Contributions	786,663	519,105
General Revenues:		
Property Taxes	9,427,767	8,667,519
Grants and Entitlements	7,700,719	7,672,791
Investment Earnings	91,064	993,533
Other Revenues and Unrestricted Contributions	1,163,157	512,912
Total Revenues	<u>20,008,664</u>	<u>18,912,001</u>
Program Expenses:		
Instruction	9,866,651	9,527,312
Support Services:		
Pupil and Instructional Staff	1,973,228	2,029,419
School Administrative, General		
Administration, Fiscal and Business	2,757,614	2,253,863
Operations and Maintenance	1,440,258	1,469,527
Pupil Transportation	103,595	70,439
Central	651,426	816,137
Operation of Non-Instructional Services	172,387	220,153
Interest and Fiscal Charges	1,089,897	949,112
Certificate of Participation Issuance Costs	0	645,656
Extracurricular Activities	324,613	0
Total Program Expenses	<u>18,379,669</u>	<u>17,981,618</u>
Change in Net Position	1,628,995	930,383
Net Position - Beginning of Year, restated	<u>8,053,618</u>	<u>7,123,235</u>
Net Position - End of Year	<u>\$9,682,613</u>	<u>\$8,053,618</u>

The change in net position of \$1,628,995 indicates that the District's revenues exceeded expenses in fiscal year 2021.

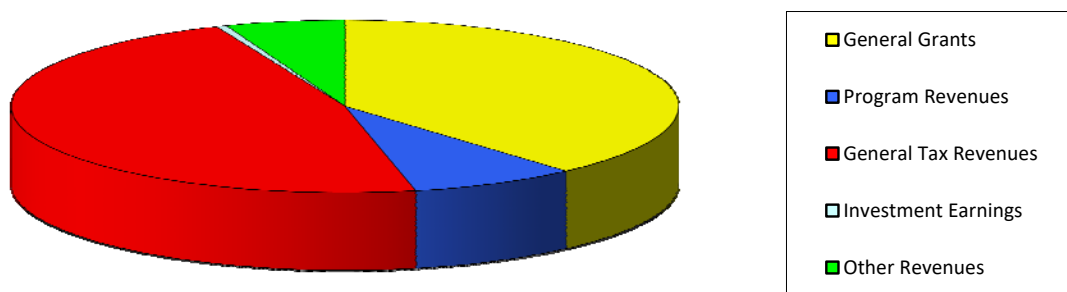
Governmental Activities

The District's revenues are mainly from two sources. Property taxes levied for general and capital project purposes and grants and entitlements comprised 86% of the District's revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The District has a 2.0 mill continuing levy. The District always collects 2.0 mills on the valuation and they do get inflationary increases. Property taxes made up 47% of revenue for governmental activities for the District in fiscal year 2021.

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

	<u>2021</u>	<u>Percentage</u>
General Grants	\$7,700,719	38.5%
Program Revenues	1,625,957	8.1%
General Tax Revenues	9,427,767	47.1%
Investment Earnings	91,064	0.5%
Other Revenues	<u>1,163,157</u>	<u>5.8%</u>
Total Revenue Sources	<u>\$20,008,664</u>	<u>100.0%</u>



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government 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**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2021</u>	<u>2020-Restated</u>	<u>2021</u>	<u>2020-Restated</u>
Instruction	\$9,866,651	\$9,527,312	(\$9,337,086)	(\$9,149,108)
Support Services:				
Pupil and Instructional Staff	1,973,228	2,029,419	(1,704,634)	(1,763,254)
School Administrative, General				
Administration, Fiscal and Business	2,757,614	2,253,863	(2,459,011)	(2,072,409)
Operations and Maintenance	1,440,258	1,469,527	(1,394,478)	(1,400,842)
Pupil Transportation	103,595	70,439	(103,595)	(70,439)
Central	651,426	816,137	(651,426)	(816,137)
Operation of Non-Instructional Services	172,387	220,153	(53,791)	(49,415)
Extracurricular Activities	324,613	0	40,206	0
Interest and Fiscal Charges	1,089,897	949,112	(1,089,897)	(949,112)
Certificate of Participation Issuance Costs	<u>0</u>	<u>645,656</u>	<u>0</u>	<u>(645,656)</u>
Total Expenses	<u>\$18,379,669</u>	<u>\$17,981,618</u>	<u>(\$16,753,712)</u>	<u>(\$16,916,372)</u>

Instruction comprises 54% of governmental program expenses. Support services expenses were 38% of governmental program expenses. All other expenses were 8%. Expenses increased from 2020 to 2021 mainly due to changes related to the debt costs, net pension liability and other post employment benefits liability.

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

The District's Funds

The District has three major governmental funds: the General Fund, the Permanent Improvement Fund and the Building Fund. Assets of these funds comprised \$53,704,760 (98%) of the total \$54,708,660 governmental funds' assets.

General Fund: Fund balance at June 30, 2021 was \$11,681,402, an increase in fund balance of \$1,033,134 from 2020. The fund balance increased from 2020 to 2021 due to an increase in property tax revenues.

Permanent Improvement Fund: Fund balance at June 30, 2021 was \$4,312,233, an increase in fund balance of \$576,042 from 2020. The fund balance increased due to an increase in property tax revenues from 2020 to 2021.

Building Fund: Fund balance at June 30, 2021 was \$24,204,312, a decrease in fund balance of \$8,208,876 from 2020. The fund balance decreased from 2020 to 2021 due to an increase in capital outlay expenditures.

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 the fiscal year, the District amended its general fund budget numerous times, however no amendments were significant. 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 may revise the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, the final budget basis revenues were \$14,803,816 (excluding advances in and proceeds from sale of capital assets), which was the same when compared to the original budget revenues. The final budgeted expenditure amount exceeded the original budgeted expenditure amount by \$197,095 mainly due to underestimating instruction expenditures.

The District's General Fund ending unobligated cash balance was \$10,065,502, which is \$1,706,429 above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the District had \$18,935,111 invested in land, construction in progress, buildings and improvements, and equipment. Table 4 shows fiscal year 2021 balances compared to fiscal year 2020:

**Ohio Hi-Point Joint Vocational School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

Table 4
Capital Assets

	Governmental Activities	
	2021	2020
Land	\$629,204	\$629,204
Construction in Progress	11,008,019	1,900,421
Buildings and Improvements	4,928,911	5,198,831
Equipment	2,368,977	2,396,374
Total Net Capital Assets	<u>\$18,935,111</u>	<u>\$10,124,830</u>

Capital assets increased from the prior year due to additions during fiscal year exceeding depreciation for 2021.

See Note 6 in the notes to the basic financial statements for further details on the District’s capital assets.

Debt

At June 30, 2021, the District had \$35,274,964 in outstanding debt, \$430,000 due within one year. Table 5 summarizes loans outstanding at year end.

Table 5
Outstanding Debt, at Year End

	Governmental Activities	
	2021	2020
2020 Certificate of Participation	\$33,585,000	\$34,000,000
Premium on COP	1,689,964	1,735,639
Total Outstanding Debt	<u>\$35,274,964</u>	<u>\$35,735,639</u>

See Note 7 in the notes to the basic financial statements for further details on the District’s outstanding debt.

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer at Ohio Hi-Point Joint Vocational School District, 2280 State Route 540, Bellefontaine, Ohio 43311.

Ohio Hi-Point Joint Vocational School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$44,899,682
Receivables (Net):	
Taxes	9,333,775
Accounts	109,147
Interest	82,376
Intergovernmental	95,166
Prepaid	374
Inventory	2,792
Net OPEB Asset	985,504
Nondepreciable Capital Assets	11,637,223
Depreciable Capital Assets, Net	<u>7,297,888</u>
 Total Assets	 <u>74,443,927</u>
Deferred Outflows of Resources:	
Pension	3,556,039
OPEB	<u>441,698</u>
 Total Deferred Outflows of Resources	 <u>3,997,737</u>
Liabilities:	
Accounts Payable	66,980
Accrued Wages and Benefits	1,069,097
Contracts Payable	4,994,950
Accrued Interest Payable	90,440
Long-Term Liabilities:	
Due Within One Year	598,412
Due In More Than One Year:	
Net Pension Liability	16,454,795
Net OPEB Liability	905,836
Other Amounts	<u>35,679,484</u>
 Total Liabilities	 <u>59,859,994</u>
Deferred Inflows of Resources:	
Property Taxes	6,816,709
Grants and Other Taxes	1,553
Pension	345,293
OPEB	<u>1,735,502</u>
 Total Deferred Inflows of Resources	 <u>8,899,057</u>
Net Position:	
Net Investment in Capital Assets	8,811,376
Restricted for:	
Capital Projects	4,333,903
Locally Funded Programs	22,144
State Funded Programs	370,684
Federally Funded Programs	29,414
Food Service Operations	31,409
Student Activities	291,712
Other Purposes	14,415
Unrestricted	<u>(4,222,444)</u>
 Total Net Position	 <u>\$9,682,613</u>

See accompanying notes to the basic financial statements.

Ohio Hi-Point Joint Vocational School District
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$1,637,431	\$705	\$132,920	(\$1,503,806)
Special	544,469	0	0	(544,469)
Vocational	7,278,730	0	0	(7,278,730)
Adult/Continuing	406,021	395,940	0	(10,081)
Support Services:				
Pupil	1,000,722	0	256,518	(744,204)
Instructional Staff	972,506	0	12,076	(960,430)
General Administration	52,945	0	0	(52,945)
School Administration	1,182,471	0	0	(1,182,471)
Fiscal	401,582	0	0	(401,582)
Business	1,120,616	0	298,603	(822,013)
Operations and Maintenance	1,440,258	45,780	0	(1,394,478)
Pupil Transportation	103,595	0	0	(103,595)
Central	651,426	0	0	(651,426)
Operation of Non-Instructional Services	172,387	32,050	86,546	(53,791)
Extracurricular Activities	324,613	364,819	0	40,206
Interest and Fiscal Charges	1,089,897	0	0	(1,089,897)
Totals	\$18,379,669	\$839,294	\$786,663	(16,753,712)

General Revenues:

Property Taxes Levied for:

General Purposes	7,185,095
Capital Projects Purposes	2,242,672
Grants and Entitlements, Not Restricted	7,700,719
Revenue in Lieu of Taxes	1,553
Unrestricted Contributions	1,034,308
Investment Earnings	91,064
Other Revenues	127,296

Total General Revenues 18,382,707

Change in Net Position 1,628,995

Net Position - Beginning of Year, Restated 8,053,618

Net Position - End of Year \$9,682,613

See accompanying notes to the basic financial statements.

Ohio Hi-Point Joint Vocational School District
Balance Sheet
Governmental Funds
June 30, 2021

	General	Permanent Improvement	Building	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$10,944,866	\$3,850,153	\$29,199,262	\$905,401	\$44,899,682
Receivables (Net):					
Taxes	7,074,962	2,258,813	0	0	9,333,775
Accounts	107,147	0	0	2,000	109,147
Interest	82,301	0	0	75	82,376
Intergovernmental	1,553	0	0	93,613	95,166
Interfund	185,348	0	0	0	185,348
Prepaid	355	0	0	19	374
Inventory	0	0	0	2,792	2,792
Total Assets	18,396,532	6,108,966	29,199,262	1,003,900	54,708,660
Liabilities:					
Accounts Payable	55,431	0	0	11,549	66,980
Accrued Wages and Benefits	1,011,115	0	0	57,982	1,069,097
Contracts Payable	0	0	4,994,950	0	4,994,950
Interfund Payable	0	0	0	185,348	185,348
Total Liabilities	1,066,546	0	4,994,950	254,879	6,316,375
Deferred Inflows of Resources:					
Property Taxes	5,132,086	1,684,623	0	0	6,816,709
Grants and Other Taxes	1,553	0	0	91,570	93,123
Unavailable	455,401	112,110	0	0	567,511
Investment Earnings	59,544	0	0	70	59,614
Total Deferred Inflows of Resources	5,648,584	1,796,733	0	91,640	7,536,957
Fund Balances:					
Nonspendable	3,164	0	0	19	3,183
Restricted	0	4,312,233	24,204,312	736,859	29,253,404
Committed	44,092	0	0	0	44,092
Assigned	398,686	0	0	0	398,686
Unassigned	11,235,460	0	0	(79,497)	11,155,963
Total Fund Balances	11,681,402	4,312,233	24,204,312	657,381	40,855,328
Total Liabilities, Deferred Inflows and Fund Balances	\$18,396,532	\$6,108,966	\$29,199,262	\$1,003,900	\$54,708,660

See accompanying notes to the basic financial statements.

Ohio Hi-Point Joint Vocational School District
Reconciliation of Total Governmental Fund Balance to
Net Position of Governmental Activities
June 30, 2021

Total Governmental Fund Balance		\$40,855,328
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		18,935,111
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	497,072	
Interest	59,614	
Intergovernmental	91,570	
Other Receivables	<u>70,439</u>	
		718,695
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.		
		(90,440)
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		(1,002,932)
Deferred outflows and inflows or resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pension	3,556,039	
Deferred inflows of resources related to pension	(345,293)	
Deferred outflows of resources related to OPEB	441,698	
Deferred inflows of resources related to OPEB	<u>(1,735,502)</u>	
		1,916,942
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	985,504	
Net Pension Liability	(16,454,795)	
Net OPEB Liability	(905,836)	
Other Amounts	<u>(35,274,964)</u>	
		<u>(51,650,091)</u>
Net Position of Governmental Activities		<u>\$9,682,613</u>

See accompanying notes to the basic financial statements.

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

	General	Permanent Improvement	Building	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Taxes	\$7,211,764	\$2,249,654	\$0	\$0	\$9,461,418
Tuition and Fees	395,195	0	0	0	395,195
Investment Earnings	90,859	0	0	309	91,168
Intergovernmental	7,656,565	44,154	0	695,093	8,395,812
Extracurricular Activities	0	0	0	364,819	364,819
Charges for Services	0	0	0	32,050	32,050
Revenue in Lieu of Taxes	1,553	0	0	0	1,553
Donations	0	0	900,000	0	900,000
Other Revenues	287,121	0	0	18,838	305,959
Total Revenues	15,643,057	2,293,808	900,000	1,111,109	19,947,974
Expenditures:					
Current:					
Instruction:					
Regular	1,405,684	0	0	102,940	1,508,624
Special	514,892	0	0	986	515,878
Vocational	6,553,798	102,189	1,278	5,845	6,663,110
Adult/Continuing	319,028	0	0	0	319,028
Support Services:					
Pupil	602,205	0	0	285,532	887,737
Instructional Staff	880,283	0	0	12,088	892,371
General Administration	48,477	0	0	0	48,477
School Administration	1,055,864	0	0	0	1,055,864
Fiscal	349,404	0	0	0	349,404
Business	957,951	80,657	0	65,101	1,103,709
Operations and Maintenance	1,267,865	189,042	0	0	1,456,907
Pupil Transportation	69,390	56,414	0	0	125,804
Central	564,610	5,789	0	0	570,399
Operation of Non-Instructional Services	2,516	0	0	152,437	154,953
Extracurricular Activities	0	0	0	324,613	324,613
Capital Outlay	0	0	9,107,598	0	9,107,598
Debt Service:					
Principal Retirement	0	415,000	0	0	415,000
Interest and Fiscal Charges	0	893,675	0	242,900	1,136,575
Total Expenditures	14,591,967	1,742,766	9,108,876	1,192,442	26,636,051
Excess of Revenues Over (Under) Expenditures	1,051,090	551,042	(8,208,876)	(81,333)	(6,688,077)
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	7,044	0	0	0	7,044
Transfers In	0	25,000	0	0	25,000
Transfers (Out)	(25,000)	0	0	0	(25,000)
Total Other Financing Sources (Uses)	(17,956)	25,000	0	0	7,044
Net Change in Fund Balance	1,033,134	576,042	(8,208,876)	(81,333)	(6,681,033)
Fund Balance - Beginning of Year, Restated	10,648,268	3,736,191	32,413,188	738,714	47,536,361
Fund Balance - End of Year	\$11,681,402	\$4,312,233	\$24,204,312	\$657,381	\$40,855,328

See accompanying notes to the basic financial statements.

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

Net Change in Fund Balance - Total Governmental Funds (\$6,681,033)

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	9,447,244	
Depreciation Expense	(631,344)	
		8,815,900

Governmental funds only report the disposal of assets to the
 extent proceeds are received from the sale. In the statement
 of activities, a gain or loss is reported for each disposal. The
 amount of the proceeds must be removed and the gain or loss
 on the disposal of capital assets must be recognized. This is the
 amount of the difference between the proceeds and the gain or loss. (5,619)

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

District pension contributions	1,264,933	
Pension Expense	(2,443,067)	
District OPEB contributions	13,580	
OPEB Expense	62,062	
		(1,102,492)

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

Delinquent Property Taxes	(33,651)	
Interest	(104)	
Intergovernmental	91,570	
Other	1,450	
		59,265

Repayment of bond principal is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the statement of net position. 415,000

In the statement of activities interest expense is accrued when incurred;
 whereas, in governmental funds an interest expenditure is reported
 when due. 1,003

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	81,296	
Amortization of Certificate of Participation Premium	45,675	
		126,971

Change in Net Position of Governmental Activities		\$1,628,995
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See accompanying notes to the basic financial statements.

Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 1 - Description of the District

Ohio Hi-Point Joint Vocational School District (the District) is a district of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating districts' elected boards, which possesses its own budgeting and taxing authority. The District exposes students to job training leading to employment upon graduation from high school. Ohio Hi-Point Joint Vocational School District includes fourteen member schools throughout Logan, Hardin, Champaign, Union and Auglaize counties. There are three representatives from two educational service centers that serve on the board.

The District was established on January 27, 1970. It is staffed by approximately 26 non-certified employees and approximately 90 certified full-time teaching personnel who provide services to more than 4,000 high school and middle school students.

Reporting Entity

A reporting entity is comprised of the stand-alone government, component units and other organizations that are included to ensure that the financial statements are not misleading. The stand-alone government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Ohio Hi-Point Joint Vocational School District, this includes general operations, food service, adult education and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the 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 currently has no component units.

The District is associated with one jointly governed organization and two insurance purchasing pools. These organizations are:

Jointly Governed Organization:
Western Ohio Computer Organization

Insurance Purchasing Pools:
Logan County School Employee Consortium
Northern Buckeye Education Council Workers' Compensation Group Rating Plan

These organizations and the District's participation are discussed in Notes 12 and 13 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

**Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

Measurement Focus

Government-wide Financial Statements

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.

The government-wide 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 government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program 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 and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

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

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are considered governmental.

Governmental Funds

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

Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

Permanent Improvement Fund – The permanent improvement fund is used to account for all transactions related to acquiring, constructing, or improving of such permanent improvements.

Building Fund – A fund used to account for the receipts and expenditures related to all special bond funds in the District. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

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. Differences in the actual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows 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, included property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from 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 year end: property taxes available for advance, grants and interest.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a

Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 are reported on the governmental-wide statement of net position. For more pension and OPEB related information, see Notes 8 and 9.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, grants and other taxes, investment earnings, unavailable revenue, OPEB, and pension. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance year 2022 operations. Property taxes, and grants and other taxes have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Investment earnings and unavailable revenue have been recorded as deferred inflows on the governmental-fund financial statements. Deferred inflows related to pension and OPEB are reported on the government-wide statement of net position. For more pension and OPEB related information, see Notes 8 and 9.

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. However, debt service expenditures, as well as any expenditures related to compensated absences, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Equity in Pooled Cash and Investments

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as “Equity in Pooled Cash and Investments” on the financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements 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

Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2021 amounted to \$90,859 and \$309 in other governmental funds.

Prepaid Items

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

Inventory

Inventories are presented at cost on a first in, first out basis and are expended/expensed when used. Inventory consists of food held for resale and consumable supplies.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five thousand dollars (\$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 are depreciated, except land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is allocated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building and Improvements	10 - 50 years
Equipment	5 - 20 years

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

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

Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Employees may accumulate up to 220 sick days.

Each employee upon retirement with a minimum of five (5) years Ohio Hi Point Vocational School employment shall receive severance payment, based upon the employee's rate of pay at retirement, equal to 27.5%, 30% or 33%, depending on service of the employee's accumulated, but unused sick leave at retirement up to a maximum accrual of 220 days or a maximum of 72.6 days severance payment.

For governmental fund financial statements, the expenditures for unpaid compensated absences are recognized when due. The related liability is recorded in the account "compensated absences" in the fund from which the employees who have accumulated unpaid leave are paid.

Pensions/Other Postemployment Benefits (OPEB)

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

Net Position

Net position represent the difference between assets and deferred inflows of resources, and liabilities and deferred outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are 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 when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the District's \$5,093,681 in restricted net position, none were restricted by enabling legislation.

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.

Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivables" and "Interfund Payables." These amounts are eliminated in the governmental activities column of the statement of net position.

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.

Assigned – resources that are intended to be used for specific purposes as approved through the District's formal purchasing procedure by the Treasurer.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts, which had been restricted, committed or assigned for said purposes.

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.

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.

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that once incurred are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However,

Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

claims and judgments, compensated absences, and contractually required pension and OPEB contributions 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. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

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 payments of those benefits.

Note 3 - Equity in Pooled Cash and Investments

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the Statement of Net Position and combined balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two-five year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – 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 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.

Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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.

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2021, \$2,821,649 of the District's bank balance of \$3,267,550 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.

Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Investments

As of June 30, 2021, the District had the following investments:

	Fair Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Negotiable CDs	\$11,042,179	Level 2	2.65
Federal Home Loan Bank	7,736,313	Level 2	1.01
Federal Farm Credit Bank	497,578	Level 2	3.20
Commercial Paper	9,677,338	Level 2	0.23
Treasury Bills	4,549,723	Level 1	0.12
Star Ohio	4,358,103	N/A	0.00
Money Market Funds	4,000,096	N/A	0.00
Total Fair Value	<u>\$41,861,330</u>		
Portfolio Weighted Average Maturity			0.99

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. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2021. STAR Ohio is reported at its share price (Net Asset value per share).

Interest Rate Risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the maturity of its individual investments to five years.

Credit Risk – It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments, which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. The District's investments in Federal Home Loan Bank, Federal Farm Credit Bank, and Treasury Bills were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. Commercial Paper was rated A-1+ by Standard & Poor's. Investments in STAR Ohio were rated AAAM by Standard & Poor's. Money Market Funds and Negotiable CDs were not rated.

Concentration of Credit Risk – The District's investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested a total of 23% in Commercial Paper, 11% in Treasury Bills, 19% in Federal Home Loan Bank, 1% in Federal Farm Credit Bank, 10% in STAR Ohio, 26% in Negotiable CD's, and 10% in Money Market Funds.

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District's securities are registered in the name of the District. The District does not have a policy for custodial credit risk.

Note 4 - Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be

Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

revalued every six years. Public utility property taxes are assessed on real property at 35 percent of true 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. The District receives property taxes from the County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available for advance can vary based on the date the tax bills are sent.

On a full-accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable at June 30, 2021. The entire amount of delinquent taxes receivable is recognized as a revenue on the government-wide financial statements. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations.

The receivable is, therefore, offset by a credit to deferred inflow of resources for that portion not intended to finance current year operations. The District receives taxes from Logan, Hardin, Champaign, Union, Madison, Allen, Shelby, Wyandot and Auglaize counties.

The assessed value, by property classification, upon which taxes collected in 2021 were based as follows:

	<u>Amount</u>
Public Utility	\$244,632,940
Real Estate	<u>3,495,743,950</u>
Total	<u><u>\$3,740,376,890</u></u>

Note 5 – Receivables

Receivables at June 30, 2021, consisted of taxes, accounts, intergovernmental grants, interfund and 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 year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
General Fund	\$1,553
Other Governmental Funds:	
Vocational Education	<u>93,613</u>
Total	<u><u>\$95,166</u></u>

Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 6 - Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$629,204	\$0	\$0	\$629,204
Construction in Progress	1,900,421	9,107,598	0	11,008,019
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	12,674,771	5,143	0	12,679,914
Equipment	7,134,870	334,503	115,754	7,353,619
Totals at Historical Cost	<u>22,339,266</u>	<u>9,447,244</u>	<u>115,754</u>	<u>31,670,756</u>
Less Accumulated Depreciation:				
Buildings and Improvements	7,475,940	275,063	0	7,751,003
Equipment	4,738,496	356,281	110,135	4,984,642
Total Accumulated Depreciation	<u>12,214,436</u>	<u>631,344</u>	<u>110,135</u>	<u>12,735,645</u>
Governmental Activities Capital Assets, Net	<u>\$10,124,830</u>	<u>\$8,815,900</u>	<u>(\$5,619)</u>	<u>\$18,935,111</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Vocational	\$455,590
Adult/Continuing	59,328
Support Services:	
Pupil	929
Instructional Staff	344
School Administration	534
Fiscal	1,366
Business	12,692
Operations and Maintenance	11,198
Pupil Transportation	33,063
Central	47,267
Operation of Non-Instructional Services	<u>9,033</u>
Total Depreciation Expense	<u>\$631,344</u>

Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 7 - Long-Term Liabilities

The change in the District's long-term obligations during the year consist of the following:

	Beginning Balance	Issued	Retired	Ending Balance	Due In One Year
Governmental Activities:					
2020 Certificate of Participation	\$34,000,000	\$0	\$415,000	\$33,585,000	\$430,000
Premium on Certificate of Participation	1,735,639	0	45,675	1,689,964	0
Subtotal Certificate of Participation	35,735,639	0	460,675	35,274,964	430,000
Compensated Absences	1,110,080	78,996	186,144	1,002,932	168,412
Subtotal Certificate of Participation, and Other Amounts	36,845,719	78,996	646,819	36,277,896	598,412
Net Pension Liability:					
STRS	12,611,966	955,997	0	13,567,963	0
SERS	2,741,718	145,114	0	2,886,832	0
Total Net Pension Liability	15,353,684	1,101,111	0	16,454,795	0
Net OPEB Liability:					
SERS	1,101,918	0	196,082	905,836	0
Total Net OPEB Liability	1,101,918	0	196,082	905,836	0
Total Long-Term Obligations	<u>\$53,301,321</u>	<u>\$1,180,107</u>	<u>\$842,901</u>	<u>\$53,638,527</u>	<u>\$598,412</u>

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

Fiscal Year Ending June 30	Certificate of Participation		
	Principal	Interest	Total
2022	\$430,000	\$1,111,950	\$1,541,950
2023	450,000	1,089,950	1,539,950
2024	470,000	1,066,950	1,536,950
2025	495,000	1,042,825	1,537,825
2026	520,000	1,020,050	1,540,050
2027-2031	2,935,000	4,764,150	7,699,150
2032-2036	3,570,000	4,115,250	7,685,250
2037-2041	4,290,000	3,397,600	7,687,600
2042-2046	4,980,000	2,698,950	7,678,950
2047-2051	5,775,000	1,894,125	7,669,125
2052-2056	6,695,000	960,375	7,655,375
2057-2058	2,975,000	90,075	3,065,075
Total	<u>\$33,585,000</u>	<u>\$23,252,250</u>	<u>\$56,837,250</u>

2020 Certificate of Participation (COPs) – On August 29, 2019 the District issued \$34,000,000 in COPs for the purpose to acquire, construct, improve, furnish, and equip the building project. The COPs will mature on December 1, 2057 with interest rates from 3% to 5%. The debt will be paid from the debt service fund or Permanent Improvement Fund.

Note 8 - Defined Benefit Pension Plans

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

**Ohio Hi-Point Joint Vocational School District
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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.

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 9 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description

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

Age and service requirements for retirement are as follows:

**Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

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

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

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

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

Changes in Benefits between Measurement Date and the Fiscal Year End

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

Funding Policy

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

The District's contractually required contribution to SERS was \$201,217 for fiscal year 2021. Of this amount \$0 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.

Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
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New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

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

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

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

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

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

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

Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
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Funding Policy

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$1,063,716 for fiscal year 2021. Of this amount \$0 is reported as accrued wages and benefits.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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	\$2,886,832	\$13,567,963	\$16,454,795
Proportion of the Net Pension Liability:			
Current Measurement Date	0.04364590%	0.05607421%	
Prior Measurement Date	<u>0.04582380%</u>	<u>0.05703056%</u>	
Change in Proportionate Share	-0.00217790%	-0.00095635%	
Pension Expense	\$228,322	\$2,214,745	\$2,443,067

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$5,608	\$30,442	\$36,050
Changes of assumptions	0	728,338	728,338
Net difference between projected and actual earnings on pension plan investments	183,255	659,812	843,067
Changes in employer proportionate share of net pension liability	0	683,651	683,651
Contributions subsequent to the measurement date	<u>201,217</u>	<u>1,063,716</u>	<u>1,264,933</u>
Total Deferred Outflows of Resources	<u>\$390,080</u>	<u>\$3,165,959</u>	<u>\$3,556,039</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$86,758	\$86,758
Changes in employer proportionate share of net pension liability	<u>101,593</u>	<u>156,942</u>	<u>258,535</u>
Total Deferred Inflows of Resources	<u>\$101,593</u>	<u>\$243,700</u>	<u>\$345,293</u>

Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
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\$1,264,933 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2022	(\$72,477)	\$790,142	\$717,665
2023	25,987	360,339	386,326
2024	76,385	447,665	524,050
2025	57,375	260,397	317,772
Total	<u>\$87,270</u>	<u>\$1,858,543</u>	<u>\$1,945,813</u>

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

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

Discount Rate

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

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

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$3,954,607	\$2,886,832	\$1,990,948

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

Based on a new experience study for the five years ending June 30, 2020, the SERS Board lowered the investment rate of return from 7.50 percent to 7.00 percent, lowered inflation from 3.00 percent to 2.40

Ohio Hi-Point Joint Vocational School District
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percent, reduced wage inflation from 3.50 percent to 3.25 percent, reduced COLA from 2.50 percent to 2.00 percent, along with certain other changes for the actuarial valuation as of June 30, 2021. The effects of these changes are unknown.

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

**Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

Discount Rate

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

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

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

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Proportionate share of the net pension liability	\$19,318,418	\$13,567,963	\$8,694,932

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

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

Note 9 - Defined Benefit OPEB Plans

See Note 8 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description

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

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

Funding Policy

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was \$13,580.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$13,580 for fiscal year 2021.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

Funding Policy

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

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

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The 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:

Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability	\$905,836	\$0	\$905,836
Proportionate Share of the Net OPEB (Asset)	0	(985,504)	(985,504)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.04167970%	0.05607421%	
Prior Measurement Date	0.04381750%	0.05703056%	
Change in Proportionate Share	-0.00213780%	-0.00095635%	
OPEB Expense	(\$43,478)	(\$18,584)	(\$62,062)

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

	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$11,897	\$63,147	\$75,044
Changes of assumptions	154,414	16,268	170,682
Net difference between projected and actual earnings on OPEB plan investments	10,207	34,538	44,745
Changes in employer proportionate share of net OPEB liability	0	137,647	137,647
Contributions subsequent to the measurement date	13,580	0	13,580
Total Deferred Outflows of Resources	<u>\$190,098</u>	<u>\$251,600</u>	<u>\$441,698</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$460,681	\$196,298	\$656,979
Changes of assumptions	22,816	936,064	958,880
Changes in employer proportionate share of net OPEB liability	118,307	1,336	119,643
Total Deferred Inflows of Resources	<u>\$601,804</u>	<u>\$1,133,698</u>	<u>\$1,735,502</u>

\$13,580 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	SERS	STRS	Total
Ending June 30:			
2022	(\$86,369)	(\$214,471)	(\$300,840)
2023	(85,630)	(191,093)	(276,723)
2024	(85,750)	(182,893)	(268,643)
2025	(83,808)	(203,487)	(287,295)
2026	(62,408)	(42,309)	(104,717)
Thereafter	(21,321)	(47,845)	(69,166)
Total	<u>(\$425,286)</u>	<u>(\$882,098)</u>	<u>(\$1,307,384)</u>

Ohio Hi-Point Joint Vocational School District
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For the Fiscal Year Ended June 30, 2021

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return

Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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

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

Discount Rate

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

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

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

Ohio Hi-Point Joint Vocational School District
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	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
Proportionate share of the net OPEB liability	\$1,108,721	\$905,836	\$744,543
	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Proportionate share of the net OPEB liability	\$713,277	\$905,836	\$1,163,337

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

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

Actuarial Assumptions - STRS

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

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

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

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

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

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

Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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

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

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

Discount Rate

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

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

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

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Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Proportionate share of the net OPEB (asset)	(\$857,452)	(\$985,504)	(\$1,094,150)

	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$1,087,406)	(\$985,504)	\$861,371

Note 10 - Contingent Liabilities

School Foundation

District foundation funding was 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, ODE has finalized the impact of enrollment adjustments to the June 30, 2021, Foundation funding for the District. This resulted in a foundation receivable of \$2,101 from ODE. This amount is not included on the financial statements.

Grants

The District receives significant financial assistance from federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of June 30, 2021.

Litigation

The District is a defendant in a lawsuit. Although management cannot presently determine the outcome of the suit, they believe the resolution of the matter will not materially adversely affect the District's financial condition.

Note 11 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District's vehicles are covered under a business policy with the Cincinnati Insurance Company, which carries a \$2,500 deductible and a \$1,000,000 limit on any accident. Settled claims have not exceeded this commercial coverage in any of the past five years.

The District is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year 2021, the District contracted with the Ohio School Plan for general liability insurance with a \$9,000,000 single

Ohio Hi-Point Joint Vocational School District
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occurrence and a \$11,000,000 aggregate. Building and business personal property is protected by the Cincinnati Insurance Company and has a \$2,500 deductible. The District insures electronic data processing equipment in the amount of \$500,000 and electronic data processing media in the amount of \$106,250. The District's deductible for electronic data processing is \$1,000.

Settled claims have not exceeded this commercial coverage in any of the past six years.

Workers' Compensation

For fiscal year 2021, the District participated in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 13). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. 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 GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP 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 GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice provides administrative, cost control and actuarial services to the GRP.

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in coverage from last year.

Note 12 - Jointly Governed Organization

Western Ohio Computer Organization (WOCO) - The District is a participant in the Western Ohio Computer Organization (WOCO). WOCO is an association of public school districts within the boundaries of Hardin, Auglaize, Shelby, Logan, Miami and Champaign Counties. The organization 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 school districts. Financial information can be obtained from the Director, at 129 East Court Street, 4th Floor, Sidney, Ohio 45365.

Each of the governments of these districts supports WOCO based upon a per pupil charge dependent on the software package utilized. In accordance with GASB Statement No. 14 and 61, the District does not have an equity interest in WOCO, as the residual interest in net resources of the joint venture upon dissolution is not equivalent to an equity interest. WOCO is governed by a board of directors consisting of the superintendents of the member school districts and the degree of control is limited to the representation on the board.

Note 13 – Insurance Purchasing Pools

Northern Buckeye Education Council Workers' Compensation Group Rating Plan – The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the "Plan") was established through the Northern Buckeye Education Council (NBEC) as an insurance purchasing pool. The Plan is governed by the Northern Buckeye Education Council and the participants of the Plan. The Executive Director of the NBEC coordinates the management and administration of the Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program. The firm of Sheakley Uniservice provides administrative, cost control and actuarial services to the GRP.

Ohio Hi-Point Joint Vocational School District
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Logan County School Employee Consortium – The District participates in the Logan County School Employee Consortium; a public entity shared risk pool consisting of three local school districts, one joint vocational school district and the Midwest Regional Educational Service Center. The District pays monthly premiums to the Plan for employee medical benefits. The Plan is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal. As of January 1, 2014, this plan became self insured. On January 1, 2015, the Logan County School Employee Consortium formed a regional council of governments (the “COG”) for the purpose of providing benefits through a self-funded insurance pool. The COG collects premiums from the Logan County School Employee Consortium participants and pays a third-party administrator to process the claims. Financial information can be obtained by contacting the Recording Secretary, Logan County School Employee Consortium, 4740 County Rd. 26 Bellefontaine, Ohio 43311.

Note 14 – Accountability

The following individual funds had a deficit fund balance at year end:

Fund	Amount
Vocational Education	\$78,896
GEER	601

The deficit in fund balances can be due to accruals in GAAP. The General Fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

Note 15 - Statutory Reserves

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. The District utilizes the House Bill 412 calculation for the Capital Improvements set-aside. Amounts not spent by year-end or offset by similar restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

	Capital Acquisition
Set Aside Reserve Balance as of June 30, 2020	\$0
Current Year Set Aside Requirements	176,968
Current Year Offsets	<u>(1,032,792)</u>
Total	<u>(855,824)</u>
Set Aside Balance Carried Forward to Future Years	<u>\$0</u>

Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 16 - Interfund Transactions

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

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$185,348	\$0	\$0	\$25,000
Permanent Improvement	0	0	25,000	0
Other Governmental Funds	0	185,348	0	0
Total All Funds	<u>\$185,348</u>	<u>\$185,348</u>	<u>\$25,000</u>	<u>\$25,000</u>

Transfers to Permanent Improvement fund was to pay for District copiers.

Interfund balances are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

Note 17 – Fund Balances

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

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Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Fund Balances	General	Permanent Improvement	Building	Other Governmental Funds	Total
Nonspendable:					
Prepays	\$355	\$0	\$0	\$19	\$374
Unclaimed Monies	2,809	0	0	0	2,809
Total Nonspendable	3,164	0	0	19	3,183
Restricted for:					
Other Grants	0	0	0	22,144	22,144
Miscellaneous State Grants	0	0	0	1,044	1,044
Miscellaneous Federal Grants	0	0	0	2,210	2,210
Food Service	0	0	0	35,694	35,694
Student Wellness and Success	0	0	0	369,640	369,640
School Managed Activity	0	0	0	291,712	291,712
Special Trust	0	0	0	14,415	14,415
Permanent Improvement	0	4,312,233	0	0	4,312,233
Building	0	0	24,204,312	0	24,204,312
Total Restricted	0	4,312,233	24,204,312	736,859	29,253,404
Committed to:					
Termination Benefits	44,092	0	0	0	44,092
Total Committed	44,092	0	0	0	44,092
Assigned to:					
Public Schools	4,049	0	0	0	4,049
Budgetary Resource	111,188	0	0	0	111,188
Encumbrances	283,449	0	0	0	283,449
Total Assigned	398,686	0	0	0	398,686
Unassigned (Deficit)	11,235,460	0	0	(79,497)	11,155,963
Total Fund Balance	\$11,681,402	\$4,312,233	\$24,204,312	\$657,381	\$40,855,328

Note 18 – Tax Abatements Entered Into by Other Governments

Other governments entered into property tax abatement agreements with property owners under the Enterprise Zone (“EZ”) program with the taxing districts of the District. The EZ program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the District, Union County, Hardin County, Champaign County and Logan County has entered into such an agreement. Under this agreement (using the latest information available) the District’s property taxes were reduced by approximately \$43,688, \$7,960, \$34,909 and \$39,406 respectively. The District is not receiving any amounts from this other government in association with the forgone property tax revenue.

Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 19 – Implementation of New Accounting Principles and Restatement of Net Position/Fund Balance

New Accounting Principles

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

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

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

Restatement of Fund Balance/Net Position

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

	General Fund	Other Governmental Funds
Fund Balance, June 30, 2020	\$10,645,442	\$471,521
Adjustments-Presentation Changes:		
GASB Statement No. 84	2,826	267,193
Restated Fund Balance, June 30, 2020	\$10,648,268	\$738,714

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

	Governmental Activities
Net Position, June 30, 2020	\$7,783,599
Adjustments-Presentation Changes:	
GASB Statement No. 84	270,019
Restated Net Position, June 30, 2020	\$8,053,618

**Ohio Hi-Point Joint Vocational School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021**

Note 20 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

Note 21 – Subsequent Events

For fiscal year 2022, District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the educating school. For fiscal year 2021, the District reported \$223,591 in tuition and fees from the resident district which will be direct funded to the District in fiscal year 2022. This new funding system calculates a unique base cost for each District. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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REQUIRED SUPPLEMENTARY INFORMATION

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

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.04364590%	\$2,886,832	\$1,530,129	188.67%	68.55%
2020	0.04582380%	2,741,718	1,572,015	174.41%	70.85%
2019	0.04793390%	2,745,263	1,559,644	176.02%	71.36%
2018	0.04819700%	2,879,664	1,598,914	180.10%	69.50%
2017	0.04871000%	3,565,123	1,464,357	243.46%	62.98%
2016	0.04649530%	2,653,067	1,440,190	184.22%	69.16%
2015	0.04896900%	2,478,293	1,437,316	172.43%	71.70%
2014	0.04896900%	2,912,902	1,551,792	187.71%	65.52%

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

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

See accompanying notes to the required supplementary information.

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

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$201,217	(\$201,217)	\$0	\$1,437,264	14.00%
2020	214,218	(214,218)	0	1,530,129	14.00%
2019	212,222	(212,222)	0	1,572,015	13.50%
2018	210,552	(210,552)	0	1,559,644	13.50%
2017	223,848	(223,848)	0	1,598,914	14.00%
2016	205,010	(205,010)	0	1,464,357	14.00%
2015	189,817	(189,817)	0	1,440,190	13.18%
2014	199,212	(199,212)	0	1,437,316	13.86%
2013	214,768	(214,768)	0	1,551,792	13.84%
2012	184,432	(184,432)	0	1,371,242	13.45%

See accompanying notes to the required supplementary information.

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

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.05607421%	\$13,567,963	\$7,715,079	175.86%	75.48%
2020	0.05703056%	12,611,966	6,682,607	188.73%	77.40%
2019	0.05404620%	11,883,546	6,124,771	194.02%	77.30%
2018	0.05209577%	12,375,462	5,410,671	228.72%	75.30%
2017	0.04873702%	16,313,749	5,153,236	316.57%	66.80%
2016	0.04773516%	13,192,602	5,007,507	263.46%	72.10%
2015	0.04568183%	11,111,402	5,026,454	221.06%	74.70%
2014	0.04568183%	13,200,184	5,783,477	228.24%	69.30%

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

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

See accompanying notes to the required supplementary information.

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

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$1,063,716	(\$1,063,716)	\$0	\$7,597,971	14.00%
2020	1,080,111	(1,080,111)	0	7,715,079	14.00%
2019	935,565	(935,565)	0	6,682,607	14.00%
2018	857,468	(857,468)	0	6,124,771	14.00%
2017	757,494	(757,494)	0	5,410,671	14.00%
2016	721,453	(721,453)	0	5,153,236	14.00%
2015	701,051	(701,051)	0	5,007,507	14.00%
2014	653,439	(653,439)	0	5,026,454	13.00%
2013	751,852	(751,852)	0	5,783,477	13.00%
2012	687,084	(687,084)	0	5,285,262	13.00%

See accompanying notes to the required supplementary information.

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

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.04167970%	\$905,836	\$1,530,129	59.20%	18.17%
2020	0.04381750%	1,101,918	1,572,015	70.10%	15.57%
2019	0.04667000%	1,294,752	1,559,644	83.02%	13.57%
2018	0.04702470%	1,262,019	1,598,914	78.93%	12.46%
2017	0.04680140%	1,334,021	1,464,357	91.10%	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.

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

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$13,580	(\$13,580)	\$0	\$1,437,264	0.94%
2020	9,694	(9,694)	0	1,530,129	0.63%
2019	19,876	(19,876)	0	1,572,015	1.26%
2018	24,311	(24,311)	0	1,559,644	1.56%
2017	16,915	(16,915)	0	1,598,914	1.06%
2016	12,695	(12,695)	0	1,464,357	0.87%

(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.

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

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability
2021	0.05607421%	(\$985,504)	\$7,715,079	(12.77%)	182.13%
2020	0.05703056%	(944,563)	6,682,607	(14.13%)	174.74%
2019	0.05404620%	(868,467)	6,124,771	(14.18%)	176.00%
2018	0.05209577%	2,032,585	5,410,671	37.57%	47.10%
2017	0.04873702%	2,606,469	5,153,236	50.58%	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.

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

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$0	\$0	\$0	\$7,597,971	0.00%
2020	0	0	0	7,715,079	0.00%
2019	0	0	0	6,682,607	0.00%
2018	0	0	0	6,124,771	0.00%
2017	0	0	0	5,410,671	0.00%
2016	0	0	0	5,153,236	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.

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

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$6,587,328	\$6,587,328	\$6,714,705	\$127,377
Tuition and Fees	692	692	705	13
Investment Earnings	434,979	434,979	443,390	8,411
Intergovernmental	7,511,321	7,511,321	7,656,565	145,244
Other Revenues	269,496	269,496	274,707	5,211
Total Revenues	14,803,816	14,803,816	15,090,072	286,256
Expenditures:				
Current:				
Instruction:				
Regular	1,505,803	1,525,001	1,388,825	136,176
Special	551,212	558,239	508,391	49,848
Vocational	7,209,974	7,301,897	6,649,869	652,028
Support Services:				
Pupil	711,308	720,377	656,050	64,327
Instructional Staff	854,361	865,253	787,990	77,263
General Administration	57,715	58,450	53,231	5,219
School Administration	1,117,457	1,131,704	1,030,648	101,056
Fiscal	380,402	385,252	350,851	34,401
Business	934,014	945,922	861,455	84,467
Operations and Maintenance	1,420,725	1,438,838	1,310,356	128,482
Pupil Transportation	46,433	47,025	42,826	4,199
Central	669,951	678,492	617,906	60,586
Total Expenditures	15,459,355	15,656,450	14,258,398	1,398,052
Excess of Revenues Over (Under) Expenditures	(655,539)	(852,634)	831,674	1,684,308
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	6,910	6,910	7,044	134
Advances In	73,087	73,087	74,500	1,413
Advances (Out)	(200,401)	(202,956)	(184,833)	18,123
Transfers (Out)	(27,106)	(27,451)	(25,000)	2,451
Total Other Financing Sources (Uses)	(147,510)	(150,410)	(128,289)	22,121
Net Change in Fund Balance	(803,049)	(1,003,044)	703,385	1,706,429
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	9,362,117	9,362,117	9,362,117	0
Fund Balance - End of Year	\$8,559,068	\$8,359,073	\$10,065,502	\$1,706,429

See accompanying notes to the required supplementary information.

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Ohio Hi-Point Joint Vocational School District
Notes to the Required Supplementary Information
For The Year Ended June 30, 2021

Note 1 - Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the five year forecast and “voted and unvoted debt outside the \$10 mill limit”, the appropriations resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The five year forecast 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 the Board’s authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund and function level. Any budgetary modifications at this level may only be made by resolution of the Board.

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

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the 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 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budgetary basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budgetary basis) rather than as restricted, assigned, or committed.
4. Advances in and advances out are operating transactions (budgetary basis) as opposed to balance sheet transactions.
5. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budgetary basis).

Ohio Hi-Point Joint Vocational School District
Notes to the Required Supplementary Information
For The Year Ended June 30, 2021

The following table summarizes the adjustments necessary to reconcile the GAAP basis to the budgetary basis for the general fund.

Net Change in Fund Balance:

	<u>General Fund</u>
GAAP Basis	\$1,033,134
Revenue Accruals	(552,985)
Expenditure Accruals	667,549
Advances In	74,500
Advances (Out)	(184,833)
Encumbrances	<u>(333,980)</u>
Budgetary Basis	<u><u>\$703,385</u></u>

Note 2 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

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

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

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

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

Changes in Assumptions:

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

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

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

Ohio Hi-Point Joint Vocational School District
Notes to the Required Supplementary Information
For The Year Ended June 30, 2021

(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:

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

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

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

Changes in Assumptions:

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

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

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

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

Note 3 - Net OPEB (Asset)/Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

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

Changes in Assumptions:

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

- (1) Discount Rate:

Prior Measurement Date	3.22%
Measurement Date	2.63%

Ohio Hi-Point Joint Vocational School District
Notes to the Required Supplementary Information
For The Year Ended June 30, 2021

- (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:

- (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:

Ohio Hi-Point Joint Vocational School District
Notes to the Required Supplementary Information
For The Year Ended June 30, 2021

- (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
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

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

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

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

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

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

**Ohio Hi-Point Joint Vocational School District
Notes to the Required Supplementary Information
For The Year Ended June 30, 2021**

Changes in Assumptions:

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

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

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

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

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

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OHIO AUDITOR OF STATE KEITH FABER



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

Ohio Hi-Point Joint Vocational School District
Logan County
2280 State Route 540
Bellefontaine, Ohio 43311

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Ohio Hi-Point Joint Vocational School District, Logan County (the District) as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 4, 2022, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

May 4, 2022

OHIO AUDITOR OF STATE KEITH FABER



OHIO HI-POINT JOINT VOCATIONAL SCHOOL DISTRICT

LOGAN 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 5/31/2022

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

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