OHIO AUDITOR OF STATE
KEITH FABER

CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY
JUNE 30, 2020

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Carey Exempted Village School District
Wyandot County
2016 Blue Devil Drive
Carey, Ohio 43316-1273

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Carey Exempted Village School District, Wyandot County, Ohio (the District), as of and for the year ended June 30, 2020, 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 the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for 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 cash financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in cash financial position and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matters

As discussed in Note 3 to the financial statements, during 2020, the District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

As discussed in Note 11 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

Other Information

We applied no procedures to management's discussion and analysis, as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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

January 27, 2021

The management's discussion and analysis of the Carey Exempted Village School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the cash basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2020 are as follows:

- The total net cash position of the District increased $288,565 from fiscal year 2019's restated amount.

- General cash receipts accounted for $21,435,042 or 89.41% of total governmental activities cash receipts. Program specific cash receipts accounted for $2,538,339 or 10.59% of total governmental activities cash receipts.

- The District had $23,684,816 in cash disbursements related to governmental activities; $2,538,339 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes and grants and entitlements) of $21,435,042 were adequate to provide for these programs.

- The District's only major fund is the general fund. The general fund had cash receipts of $10,486,073 in 2020. The cash disbursements and other financing uses of the general fund totaled $10,504,372 in 2020. The general fund's cash balance decreased $18,299 from 2019 to 2020.

Using this Cash Basis Basic Financial Statements (BFS)

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's cash basis of accounting.

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis provide information about the activities of the whole District, presenting an aggregate view of the District's cash basis 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. In the case of the District, there is one major governmental fund. The general fund is the only major fund.

Reporting the District as a Whole

Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis answer the question, "How did the District perform financially during 2020?" These statements include *only net cash position* using the *cash basis of accounting,* which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the District's net cash position and changes in that position on a cash basis. This change in net cash position is important because it tells the reader that, for the District as a whole, the cash basis financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis, the Governmental Activities include the District's programs and services including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. The District has no proprietary funds.

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

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed 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 cash basis financial resources that can be readily spent to finance various District programs. Since the District is reporting on the cash basis of accounting, there are no differences in the net cash position and fund cash balances or changes in net cash position and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements.

The District's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the general fund is presented to demonstrate the District's compliance with annually adopted budgets.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's only fiduciary fund is a custodial fund.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

Government-Wide Financial Analysis

Recall that the Statement of Net Position – Cash Basis provides the perspective of the District as a whole. The table below provides a summary of the District's net cash position at June 30, 2020 and June 30, 2019. Net position for 2019 has been restated as described in Note 3.

	Governmental Activities 2020	Governmental Activities 2019
Assets		
Equity in pooled cash and cash equivalents	$ 6,509,079	$ 6,220,514
Net Cash Position		
Restricted	1,145,950	820,783
Unrestricted	5,363,129	5,399,731
Total net cash position	$ 6,509,079	$ 6,220,514

The total net cash position of the District increased $288,565 from fiscal year 2019's restated amount. This increase can be attributed to the issuance of restricted debt throughout the year.

The balance of government-wide unrestricted net cash position of $5,363,129 may be used to meet the government's ongoing obligations to citizens and creditors.

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The table below shows the changes in net cash position for fiscal years 2020 and 2019. Net position for 2019 has been restated as described in Note 3.

Change in Net Cash Position

	Governmental Activities 2020	Restated Governmental Activities 2019
Cash Receipts:		
Program cash receipts:		
Charges for services and sales	$ 1,043,657	$ 1,051,587
Operating grants and contributions	1,494,682	1,257,632
Total program cash receipts	2,538,339	2,309,219
General cash receipts:		
Property and other taxes	4,142,846	3,952,481
Unrestricted grants	5,510,751	5,614,765
Issuance of bonds	10,525,000	-
Premium on issuance of bonds	996,504	-
Investment earnings	127,582	127,499
Other	132,359	156,482
Total general cash receipts	21,435,042	9,851,227
Total cash receipts	23,973,381	12,160,446

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Change in Net Cash Position (Continued)

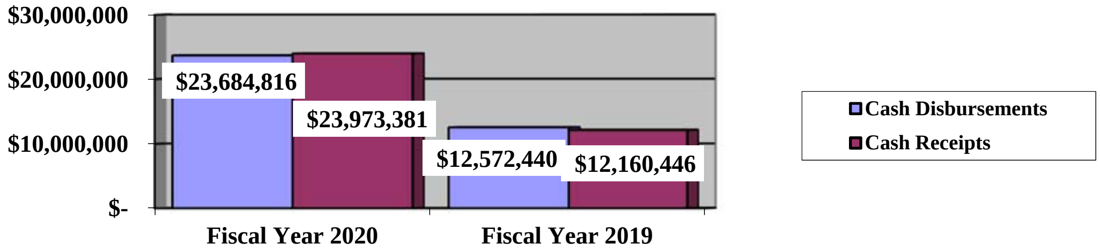
	Governmental Activities 2020	Restated Governmental Activities 2019
Cash Disbursements:		
Instruction:		
Regular	$ 4,585,615	$ 4,317,021
Special	1,575,987	1,612,823
Vocational	493,181	488,300
Other	470,283	474,128
Support services:		
Pupil	491,235	474,800
Instructional staff	398,599	552,954
Board of education	52,731	38,169
Administration	831,752	825,278
Fiscal	406,147	384,903
Operations and maintenance	800,148	838,315
Pupil transporation	309,329	332,047
Central	-	2,370
Operation of non-insturctional services:		
Other non-instructional services	197,075	189,250
Food service operations	342,030	370,579
Extracurricular	710,957	408,157
Facilities acquisition and construction	8,600	552,822
Payment to refunded bond escrow agent	11,365,401	-
Debt service:		
Principal retirement	140,000	130,000
Interest and fiscal charges	505,746	580,524
Total cash disbursements	23,684,816	12,572,440
Change in net cash position	288,565	(411,994)
Net cash position at beginning of year (restated)	6,220,514	N/A
Net cash position at end of year	$ 6,509,079	$ 6,220,514

Governmental Activities

Governmental cash position increased $288,565 in fiscal year 2020 from fiscal year 2019. Governmental program receipts of $2,538,339 and general receipts of $21,435,042 were adequate to offset governmental disbursements of $23,684,816. Program revenues supported 10.72% of the total governmental disbursements. The increase in receipts and disbursements can be attributed to sources and uses relating to the District's bonds payable refunding.

The primary sources of receipts for governmental activities are derived from property taxes, income taxes, and grants and entitlements. These receipt sources represent 40.27% of total governmental receipts. Real estate is reappraised every six years.

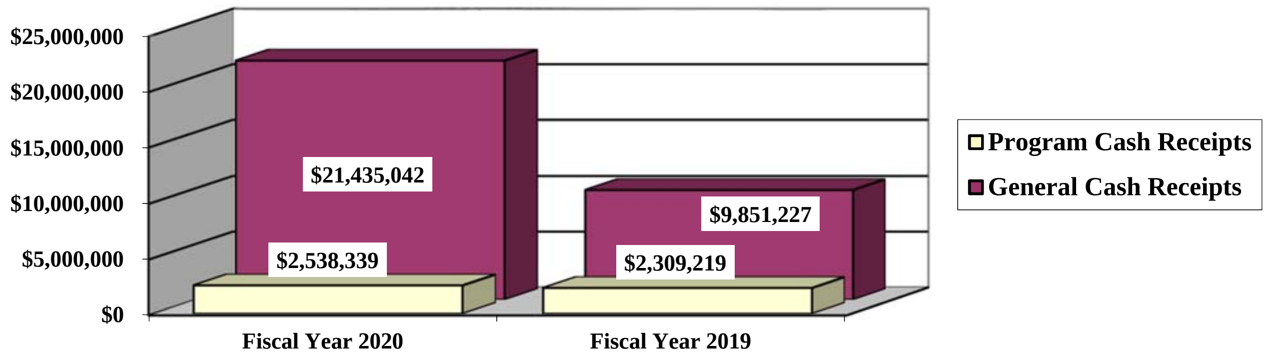
Governmental Activities - Total Cash Receipts vs. Total Cash Disbursements



	Governmental Activities			
	Total Cost of Services 2020	Net Cost of Services 2020	Total Cost of Services 2019	Net Cost of Services 2019
Cash disbursements				
Instruction:				
Regular	$ 4,585,615	$ 3,944,673	$ 4,317,021	$ 3,750,590
Special	1,575,987	856,399	1,612,823	845,745
Vocational	493,181	406,586	488,300	401,874
Other	470,283	461,593	474,128	441,810
Support services:				
Pupil	491,235	385,459	474,800	459,650
Instructional staff	398,599	373,267	552,954	527,892
Board of education	52,731	52,731	38,169	38,169
Administration	831,752	783,911	825,278	823,964
Fiscal	406,147	406,147	384,903	384,903
Operations and maintenance	800,148	746,632	838,315	782,240
Pupil transportation	309,329	262,618	332,047	272,052
Central	-	-	2,370	2,370
Operation of non-instruction services:				
Other non-instructional services	197,075	21,004	189,250	676
Food service operations	342,030	78,301	370,579	22,418
Extracurricular	710,957	347,409	408,157	245,522
Facilities acquisition and construction	8,600	8,600	552,822	552,822
Payment to refunded bond escrow agent	11,365,401	11,365,401	-	-
Debt service:				
Principal retirement	140,000	140,000	130,000	130,000
Interest and fiscal charges	505,746	505,746	580,524	580,524
Total	$ 23,684,816	$ 21,146,477	$ 12,572,440	$ 10,263,221

The dependence upon general cash receipts for governmental activities is apparent with 89.28% of cash disbursements supported through taxes and other general cash receipts during 2020.

Governmental Activities - General and Program Cash Receipts



Financial Analysis of the Government's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The District's governmental funds are accounted for using the cash basis of accounting.

The District's governmental funds reported a combined fund cash balance of $6,509,079, which is $288,565 more than last year's restated total of $6,220,514. This increase can be attributed to an above average amount restricted debt throughout the year. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2020 and June 30, 2019, for all major and nonmajor governmental funds.

	Fund Cash Balance June 30, 2020	Restated Fund Cash Balance June 30, 2019	Change
Major Fund:			
General	$ 5,090,577	$ 5,108,876	$ (18,299)
Other Nonmajor Governmental Funds	1,418,502	1,111,638	306,864
Total	$ 6,509,079	$ 6,220,514	$ 288,565

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General Fund

The general fund, the District's only major fund, had cash receipts of $10,486,073 in 2020. The cash disbursements and other financing uses of the general fund totaled $10,504,372 in 2020. The general fund's cash balance decreased $18,299 from 2019 to 2020. The tables that follow assist in illustrating the cash receipts and disbursements of the general fund.

	2020 Amount	2019 Amount	Percentage Change
Cash Receipts:			
Taxes	$ 3,506,516	$ 3,349,301	4.69 %
Tuition	571,799	502,793	13.72 %
Transportation fees	9,466	11,649	(18.74) %
Earnings on investments	127,582	127,499	0.07 %
Other local revenues	266,402	317,892	(16.20) %
Intergovernmental	6,004,308	6,114,185	(1.80) %
Total	$ 10,486,073	$ 10,423,319	0.60 %

	2020 Amount	2019 Amount	Percentage Change
Cash Disbursements			
Instruction	$ 6,893,014	$ 6,612,910	4.24 %
Support services	3,084,492	3,320,138	(7.10) %
Operation of non instruction	353	1,514	(76.68) %
Extracurricular	359,463	301,608	19.18 %
Facilities acquisition and construction	8,600	4,675	83.96 %
Debt service	116,750	114,099	2.32 %
Other financing uses	41,700	-	100.00 %
Total	$ 10,504,372	$ 10,354,944	1.44 %

Overall receipts increased from 2019 with an increase of $62,754 or 0.60%. The increase in tuition receipts is due to an increase in regular day school receipts to supply the students with the necessities to participate in online schooling. The increase in tax receipts can be attributed to an increase in income tax receipts and public utility personal property tax receipts. The decrease in transportation fees is due to a decrease in the need for transportation due to COVID-19. The decrease in other revenues can be attributed to a decrease in revenues received from charges for services by the District in fiscal year 2020.

Overall disbursements increased from 2019 with an increase of $149,428 or 1.44%. The increase in instruction expenditures is due to an increase in regular instruction expenditures in grades K-12. The decrease in support services is due to a decrease in expenditures related to instructional staff and administration. The increase in extracurricular expenditures is due to a increase in expenditures related to miscellaneous education related activities while the students are participating in online schooling. The increase in facilities acquisition and construction is due to a increase in activities concerned with solar panel engineering services.

Budgeting Highlights - General Fund

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.

For the general fund, final budget basis receipts and other financing sources were $119,352 greater than the original budget estimates. Actual cash receipts of $10,470,043 were more than final budget estimates by $66,690. Final budget basis disbursements and other financing uses were $407,041 above original budget estimates. The actual budgetary basis disbursements and other financing uses of $11,008,388 were $735,139 less than the final budget estimates.

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The District had $8,600 in facilities acquisition and construction disbursements during fiscal year 2020.

Debt Administration

At June 30, 2020, the District had the following long-term obligations outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2020	Governmental Activities 2019
General obligation bonds	$ 10,989,693	$ 10,973,008
Lease-purchase obligation	645,000	745,000
Total	$ 11,634,693	$ 11,718,008

See Note 6 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The preceding financial information reveals that the Carey Exempted Village School District has done an excellent job of managing the funds available to them. After thirteen years without seeking new operating money, the District requested, and the voters approved, a one percent income tax levy in November 2004. Five year renewals for the income tax levy were approved by the voters in November 2008, May 2014 and November 2018. This levy is necessary due to the cost of increased academic and testing requirements along with the increased financial stress and burden placed on school districts by the state in recent years through the shifting of funding.

Effective millage rates have been at the required 20 mil floor since calendar year 2004. This has resulted in some amount of real property tax growth.

Nearly one million local dollars have been lost in the form of reduced personal tangible property taxes. All personal tangible property taxes have been phased out as of May 2009. These taxes provided in excess of $1,000,000 in revenue in 2005. This means that the District lost about 17% of its revenue stream. The District has been able to overcome the loss of TPP in part due to CAUV increases and proper fiscal management.

The enrollment pattern has resulted in a very slight decline in recent years. Open enrollment figures for recent years show a positive number of students entering the District over those leaving the District. Students attending community schools have increased in recent years. Open enrollment and community school numbers are uncertain from year to year and are therefore monitored closely.

The Carey Exempted Village School District is committed to educational and financial excellence. The community has been very supportive of the school in all aspects of the educational process. We feel confident that this amiable relationship will continue and will benefit the entire community for many years to come.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, 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 Ms. Karen Phillips, Treasurer, Carey Exempted Village School District, 2016 Blue Devil Drive, Carey, Ohio 43316.

CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY

STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2020

		Governmental Activities
Assets:		
Equity in pooled cash and cash equivalents . . .	$	6,509,079
Net cash position:		
Restricted for:		
Classroom facilities maintenance	$	341,870
Debt service		474,899
Locally funded programs		1,502
State funded programs		89,371
Federally funded programs		13
Student activities		212,284
Food services		26,011
Unrestricted		5,363,129
Total net cash position	$	6,509,079

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

		Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Cash Position
	Cash Disbursements	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Governmental Activities**
Governmental activities:				
Instruction:				
Regular	$ 4,585,615	$ 630,789	$ 10,153	$ (3,944,673)
Special	1,575,987	1,998	717,590	(856,399)
Vocational	493,181	-	86,595	(406,586)
Other	470,283	8,690	-	(461,593)
Support services:				
Pupil	491,235	-	105,776	(385,459)
Instructional staff	398,599	-	25,332	(373,267)
Board of education	52,731	-	-	(52,731)
Administration	831,752	-	47,841	(783,911)
Fiscal	406,147	-	-	(406,147)
Operations and maintenance	800,148	51,600	1,916	(746,632)
Pupil transportation	309,329	24,529	22,182	(262,618)
Operation of non-instructional services:				
Other non-instructional services	197,075	-	176,071	(21,004)
Food service operations	342,030	156,650	107,079	(78,301)
Extracurricular activities	710,957	169,401	194,147	(347,409)
Facilities acquisition and construction	8,600	-	-	(8,600)
Payment to refunded bond escrow agent	11,365,401	-	-	(11,365,401)
Debt service:				
Principal retirement	140,000	-	-	(140,000)
Interest and fiscal charges	505,746	-	-	(505,746)
Total governmental activities	$ 23,684,816	$ 1,043,657	$ 1,494,682	(21,146,477)
		General cash receipts:		
		Property taxes levied for:		
		General purposes		2,144,748
		Debt service		594,110
		Special revenues		42,220
		Income taxes levied for:		
		General purposes		1,361,768
		Issuance of bonds		10,525,000
		Premium on issuance of bonds		996,504
		Grants and entitlements not restricted to specific programs		5,510,751
		Investment earnings		127,582
		Miscellaneous		132,359
		Total general cash receipts		21,435,042
		Change in net cash position		288,565
		Net cash position at beginning of year (Restated)		6,220,514
		Net cash position at end of year		$ 6,509,079

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents.	$ 5,090,577	$ 1,418,502	$ 6,509,079
Fund cash balances:			
Restricted:			
Debt service	$ -	$ 474,899	$ 474,899
Classroom facilities maintenance	-	341,870	341,870
Food service operations	-	427	427
Non-public schools	-	34,234	34,234
Targeted academic assistance	-	13	13
Vocational education.	-	4,224	4,224
Other purposes.	-	27,086	27,086
Extracurricular activities.	-	212,284	212,284
Student wellness and success	-	50,913	50,913
Committed:			
Capital improvements	-	273,254	273,254
Termination benefits.	135,034	-	135,034
Assigned:			
Student instruction	32,677	-	32,677
Student and staff support.	380,993	-	380,993
Extracurricular activities	73,666	-	73,666
Operation of non-instructional	3,628	-	3,628
Subsequent year's appropriation	1,313,540		1,313,540
Unassigned (deficit).	3,151,039	(702)	3,150,337
Total fund cash balances	$ 5,090,577	$ 1,418,502	$ 6,509,079

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General	Nonmajor Governmental Funds	Total Governmental Funds
Cash receipts:			
From local sources:			
Property taxes	$ 2,144,748	$ 636,330	$ 2,781,078
Income taxes.	1,361,768	-	1,361,768
Tuition.	571,799	-	571,799
Transportation fees.	9,466	-	9,466
Earnings on investments	127,582	237	127,819
Charges for services	-	156,650	156,650
Extracurricular.	16,030	332,017	348,047
Classroom materials and fees	53,025	-	53,025
Rental income	51,600	-	51,600
Contributions and donations	5,425	46,158	51,583
Contract services.	7,963	-	7,963
Other local revenues	132,359	975	133,334
Intergovernmental - intermediate	20,138	2,451	22,589
Intergovernmental - state	5,984,170	373,092	6,357,262
Intergovernmental - federal	-	417,894	417,894
Total cash receipts	10,486,073	1,965,804	12,451,877
Cash disbursements:			
Current:			
Instruction:			
Regular.	4,576,934	8,681	4,585,615
Special	1,352,616	223,371	1,575,987
Vocational	493,181	-	493,181
Other	470,283	-	470,283
Support services:			
Pupil	435,113	56,122	491,235
Instructional staff	373,510	25,089	398,599
Board of education	52,731	-	52,731
Administration	783,748	48,004	831,752
Fiscal	384,804	21,343	406,147
Operations and maintenance	761,578	38,570	800,148
Pupil transportation	293,008	16,321	309,329
Operation of non-instructional services:			
Other non-instructional services.	353	196,722	197,075
Food service operations.	-	342,030	342,030
Extracurricular activities	359,463	351,494	710,957
Facilities acquisition and construction.	8,600	-	8,600
Debt service:			
Principal retirement.	100,000	40,000	140,000
Interest and fiscal charges	16,750	335,920	352,670
Bond issuance costs	-	153,076	153,076
Total cash disbursements	10,462,672	1,856,743	12,319,415
Excess of cash receipts over cash disbursements.	23,401	109,061	132,462
Other financing sources (uses):			
Premium on issuance of bonds	-	996,504	996,504
Issuance of bonds.	-	10,525,000	10,525,000
Transfers in.	-	41,700	41,700
Transfers (out)	(41,700)	-	(41,700)
Payment to refunded bond escrow agent	-	(11,365,401)	(11,365,401)
Total other financing sources (uses)	(41,700)	197,803	156,103
Net change in fund cash balances	(18,299)	306,864	288,565
Fund cash balances at beginning of year (Restated)	5,108,876	1,111,638	6,220,514
Fund cash balances at end of year.	$ 5,090,577	$ 1,418,502	$ 6,509,079

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Variance with Final Budget
	Original	**Final**	**Actual**	**Positive (Negative)**
Budgetary basis receipts:				
From local sources:				
Property taxes	$ 2,046,000	$ 2,046,000	$ 2,144,748	$ 98,748
Income taxes	1,354,000	1,354,000	1,361,768	7,768
Tuition	502,793	497,793	571,799	74,006
Transportation fees	11,649	11,649	9,466	(2,183)
Earnings on investments	127,499	127,499	127,582	83
Classroom materials and fees	44,500	44,500	53,025	8,525
Rental income	51,600	51,600	51,600	-
Contributions and donations	2,845	2,845	5,425	2,580
Contract services	7,241	7,241	7,963	722
Other local revenues	152,698	152,698	132,359	(20,339)
Intergovernmental - intermediate	16,000	16,000	20,138	4,138
Intergovernmental - state	6,091,528	6,091,528	5,984,170	(107,358)
Total budgetary basis receipts	10,408,353	10,403,353	10,470,043	66,690
Budgetary basis disbursements:				
Current:				
Instruction:				
Regular	4,597,196	4,728,089	4,577,548	150,541
Special	1,376,729	1,401,887	1,355,417	46,470
Vocational	558,185	513,642	499,620	14,022
Other	456,168	461,929	462,132	(203)
Support services:				
Pupil	473,255	501,953	436,856	65,097
Instructional staff	599,784	715,209	496,903	218,306
Board of education	52,591	71,246	58,929	12,317
Administration	840,931	805,563	785,300	20,263
Fiscal	370,070	385,632	390,300	(4,668)
Operations and maintenance	970,918	1,044,619	914,572	130,047
Pupil transportation	382,020	400,381	365,062	35,319
Central	2,411	3,001	-	3,001
Operation of non-instructional services:				
Other non-instructional services	3,951	4,000	3,980	20
Extracurricular activities	308,754	435,602	419,719	15,883
Facilities acquisition and construction	14,494	14,675	8,600	6,075
Debt service:				
Principal	93,831	100,000	100,000	-
Interest and fiscal charges	18,864	19,099	16,750	2,349
Total budgetary basis disbursements	11,120,152	11,606,527	10,891,688	714,839
Excess of cash disbursements over cash receipts	(711,799)	(1,203,174)	(421,645)	781,529
Other financing sources (uses):				
Transfers in	113,298	-	-	-
Transfers (out)	(216,334)	(137,000)	(116,700)	20,300
Sale of capital assets	1,054	-	-	-
Total other financing uses	(101,982)	(137,000)	(116,700)	20,300
Net change in fund cash balance	(813,781)	(1,340,174)	(538,345)	801,829
Fund cash balance at beginning of year	4,513,824	4,513,824	4,513,824	-
Prior year encumbrances appropriated	475,356	475,356	475,356	-
Fund cash balance at end of year	$ 4,175,399	$ 3,649,006	$ 4,450,835	$ 801,829

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CAREY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Custodial
Additions:	
Extracurricular	$ 2,583
Deductions:	
Extracurricular activities	2,583
Change in net position	-
Net position at beginning of year (restated)	-
Net position at end of year	$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Carey Exempted Village School District (the District) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The District provides educational services as authorized by State statute and/or federal guidelines.

The District was established in 1886. The District serves an area of approximately fifty square miles. It is located in Wyandot and Seneca Counties. It is staffed by 40 classified employees, 66 certified employees and 5 administrators who provide services to 822 students and other community members. The District currently operates one building which serves grades K through 12.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed in Note 2.B., these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In cases where these cash basis statements contain items that are the same as, or similar to, those items in financial statements prepared in conformity with GAAP, similar informative disclosures are provided.

A. Reporting Entity

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

Our Lady of Consolation
Within the District's boundaries, Our Lady of Consolation is operated as a private Catholic school. Current State legislation provides funding to the parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The financial activity is reflected in a special revenue fund (other governmental fund) 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; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Area Computer Services Cooperative

The District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC) which is a computer consortium. NOACSC is an association comprised of 54 members from eleven different 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.

The Governing Board of NOACSC consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent school district. Financial information can be obtained from Ray Burden, who serves as Director, at 4277 East Road, Elida, Ohio 45807.

Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., 441 E Market Street, Celina, Ohio 45822.

PUBLIC ENTITY RISK POOLS

Ohio School Board Association Workers' Compensation Group Retro Program

The District participated in the group retro program for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Board Association Workers' Compensation Group Rating Program (the Program) was established through the Ohio School Board Association (OSBA) as a group purchasing pool.

The Executive Director of the OSBA, or his designee, serves as coordinator of the Program. Each year, the participating school districts pay an enrollment fee to the Program to cover the costs of administering the program.

Wyandot-Crawford Health Benefit Plan

The Wyandot-Crawford Health Benefit Plan (the Plan) is a public entity shared risk pool consisting of seven school districts. The Plan is organized as a Voluntary Employee Benefit Association under Section 501(c) (9) of the Internal Revenue Code and provides medical, dental, and life insurance benefits to employees of the participating school districts. Each participating school district's superintendent and treasurer are appointed to the Board of Directors which advises the Trustee, Huntington Trust Company, N.A., concerning aspects of the administration of the Plan.

Each school district decides which benefit program offered by the Plan will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from Kathleen Chapin, Huntington National Bank, PO Box 1558, Columbus, Ohio 43216.

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

RELATED ORGANIZATION

Dorcas Carey Public Library
The Dorcas Carey Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Carey Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the District for operational subsidies. Although the District serves as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Dorcas Carey Public Library, Tonia Clements, Fiscal Officer, 236 East Findlay Street, Carey, Ohio 43316.

B. Basis of Accounting

Although required by Ohio Administrative Code § 117-2-03(B) to prepare its annual financial report in accordance with GAAP, the District chooses to prepare its financial statements and notes on the cash basis of accounting. The cash basis of accounting is a comprehensive basis of accounting other than GAAP. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary presentations report budgetary cash disbursements when a commitment is made (i.e. when an encumbrance is approved). The difference between disbursements reported in the fund and entity wide statements and disbursements reported in the budgetary statements are due to current year encumbrances being added to disbursements reported on the budgetary statements. These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

C. Fund Accounting

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

GOVERNMENTAL FUNDS

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following is the District's major governmental fund:

General Fund - The General fund is used to account for and report all financial resources not accounted for and reported 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.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to disbursements for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to a disbursement for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to disbursements for principal and interest.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net cash assets and changes in net cash assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for cash assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Custodial funds account for monies held on behalf of other that do not meet the definition of a trust fund. The District's custodial fund accounts for athletic tournament monies collected and distributed on behalf of the Ohio High School Athletics Association.

D. Basis of Presentation

Government-Wide Financial Statements - The statement of net position - cash basis and the statement of activities - cash basis display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the District.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

The Early Childhood Preschool special revenue fund is a flow through grant in which the North Central Ohio Educational Service Center is the primary recipient. Budgetary information for this fund is not included within the District's reporting entity for which the "appropriated budget" is adopted.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing tax rates.

By no later than January 20, the Board-adopted budget is filed with the Wyandot County Budget Commission for tax rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement for the General fund reflect the amounts in the original and final amended certificates of estimated resources issued during fiscal year 2020.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education. Prior to the passage of the annual appropriation resolution, the Board of Education may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the certificate of estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the legal level of control.

The Board of Education may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. All supplemental appropriations were legally enacted by the Board during fiscal year 2020.

The budget figures which appear in the statement of budgetary comparison for the General fund represent the original and final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than custodial funds and funds held by the North Central Ohio Educational Service Center, consistent with statutory provisions.

Lapsing of Appropriations:

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

F. Cash and Investments

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

During fiscal year 2020, investments were limited to negotiable certificates of deposit, U.S. government money market mutual funds, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

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

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

At June 30, 2020, the fair value of the District's investments was $6,504,473 which is $157,116 more than their carrying value.

Under existing Ohio statutes all investment earnings are assigned to the General fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General fund during fiscal year 2020 amounted to $127,582, which includes $28,408 assigned from other funds.

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

An analysis of the District's investment account at year end is provided in Note 4.

G. Capital Assets

Acquisitions of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements under the cash basis of accounting. Depreciation has not been reported for any capital assets.

H. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting.

I. Long-Term Obligations

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal payments.

J. Fund Cash Balance

The District reports classifications of fund cash balance based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact.

Restricted - amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision-making authority, the Board of Education.

Assigned - amounts that are constrained by the District’s intent to be used for specific purpose, but are neither restricted nor committed. Assigned amounts include those approved through the District’s formal purchasing procedure by the Treasurer. Through the District’s purchasing policy, the Board of Education has given the Treasurer the authority to constrain monies for intended purposes.

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

The District applies restricted resources first when an expense is incurred for purposes for which restricted and unrestricted fund balance is available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

K. Net Cash Position

Net cash position is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use.

The District first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net cash assets are available.

L. Budget Stabilization

The Board of Education has $102,963 of unassigned fund balance in the General fund set aside to be used for budget stabilization. The Board has set aside these funds to cover emergency situations or when revenue shortages or budgetary imbalances arise. The budget stabilization arrangement may be removed by action of the Board of Education at any time.

M. Interfund Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements 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 receipts/disbursements in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the basic financial statements.

N. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2020.

O. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability and net OPEB asset, 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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles/Restatement of Fund Balances/Restatement of Net Position

For fiscal year 2020, the District has implemented GASB Statement No. 84 "Fiduciary Activities" and GASB Statement No. 90 "*Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*".

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. The District reviewed its agency funds and certain funds will be reported in the new fiduciary classification of custodial funds, while other funds have been reclassified as governmental or proprietary funds. These 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.

A fund cash balance restatement is required in order to implement GASB Statement No 84. The June 30, 2019, fund cash balances have been restated as follows:

	General	Other Governmental Funds	Total Governmental Funds
Fund cash balance previously reported	$ 5,108,876	$ 972,999	$ 6,081,875
GASB Statement No. 84	-	138,639	138,639
Restated fund cash balance at June 30, 2019	$ 5,108,876	$ 1,111,638	$ 6,220,514

A net cash position restatement is required in order to implement GASB Statement No 84. The governmental activities at June 30, 2019 have been restated as follows:

	Governmental Activities
Net cash position	
as previously reported	$ 6,081,875
GASB Statement No. 84	138,639
Restated net cash position	
at June 30, 2019	$ 6,220,514

Also related to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds or private purpose trust funds. At June 30, 2019, agency funds reported assets and net cash position of $110,913 and the private purpose funds reported a net cash position of $27,726.

B. Compliance

Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its basic financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying basic financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

C. Deficit Fund Balances

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

Nonmajor funds	Deficit
IDEA Part B	$ 702

The General fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from the advance spending of approved grant monies.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2 of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

A. Deposits with Financial Institutions

At June 30, 2020, the carrying amount of all District deposits was $161,722 and the bank balance of all District deposits was $390,776. Of the bank balance, $250,000 was covered by the FDIC and $140,776 was covered by the Ohio Pooled Collateral System.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State.

B. Investments

As of June 30, 2020, the District had the following investments and maturities:

		Investment Maturities				
Investment type	Net Asset Value/ Carrying Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
STAR Ohio	$ 2,321,726	$ 2,321,726	$ -	$ -	$ -	$ -
U.S. Government Money Market Mutual Fund	101,631	101,631	-	-	-	-
Negotiable CD's	3,924,000	325,000	596,000	-	-	3,003,000
Total	$ 6,347,357	$ 2,748,357	$ 596,000	$ -	$ -	$ 3,003,000

Interest Rate Risk: The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk: Standard & Poor’s has assigned STAR Ohio an AAAm money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. Standard & Poor’s has also assigned the U.S. Government money market mutual fund an AAAm money market rating. The negotiable certificates of deposit are fully insured by the FDIC. The District has no investment policy that would further limit its investment choices.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2020:

Investment type	NAV/ Carrying Value	% of Total
STAR Ohio	$ 2,321,726	36.58
U.S. Government Market Mutual Fund	101,631	1.60
Negotiable CD's	3,924,000	61.82
Total	$ 6,347,357	100.00

C. Reconciliation of Cash and Investments to the Statement of Net Position - Cash Basis

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position - cash basis as of June 30, 2020:

Cash and investments per note	
Carrying amount of deposits	$ 161,722
Investments	6,347,357
Total	$ 6,509,079

Cash and investments per financial statements	
Governmental activities	$ 6,509,079

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property located in the District. Real property tax revenues received in calendar year 2019 represent the collection of calendar year 2018 taxes. Real property taxes received in calendar year 2019 were levied after April 1, 2018, on the assessed values as of January 1, 2018, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2019 represent the collection of calendar year 2018 taxes. Public utility real and tangible personal property taxes received in calendar year 2019 became a lien on December 31, 2017, were levied after April 1, 2018, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Wyandot and Seneca Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2019, are available to finance fiscal year 2019 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

	2019 Second Half Collections		2020 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 99,619,450	96.31	$ 106,815,310	96.13
Public utility personal	3,820,670	3.69	4,297,630	3.87
Total	$ 103,440,120	100.00	$ 111,112,940	100.00
Tax rate per $1,000 of assessed valuation	$56.65		$56.60	

NOTE 6 - LONG-TERM OBLIGATIONS

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

General Obligation Bonds:	Balance 06/30/19	Increases	Decreases	Balance 06/30/20	Amounts Due in One Year
Series 2013					
Current interest	$ 10,775,000	$ -	$ (10,565,000)	$ 210,000	$ 65,000
Capital appreciation on bonds	55,000	-	-	55,000	-
Accreted interest on bonds	143,008	51,866	-	194,874	-
Total Series 2013A	10,973,008	51,866	(10,565,000)	459,874	65,000
Series 2020					
Current interest	-	10,340,000	-	10,340,000	240,000
Capital appreciation on bonds	-	185,000	-	185,000	-
Accreted interest on bonds	-	4,819	-	4,819	-
Total Series 2020	-	10,529,819	-	10,529,819	240,000
Total General Obligation Bonds	10,973,008	10,581,685	(10,565,000)	10,989,693	305,000
Lease-purchase agreement	745,000	-	(100,000)	645,000	100,000
Total governmental activities	$ 11,718,008	$ 10,581,685	$ (10,665,000)	$ 11,634,693	$ 405,000

See Note 7 for detail on the lease-purchase agreement.

B. Series 2013 General Obligation Bonds

On September 5, 2013, the District issued general obligation bonds, in the amount of $10,905,000, for the purpose of paying the local share of school construction under the State of Ohio Classroom Facilities Assistance Program. The bond issue included serial, term, and capital appreciation bonds, in the amount of $75,000, $10,775,000 and $55,000. The bonds are retired from the bond retirement fund, with a portion of the proceeds of a 6.5 mill voted property tax levy.

The capital appreciation bonds bear interest, compounded semi-annually on May 1 and November 1 (the "Interest Accretion Dates"), from the date of their issuance, but the interest will be payable only at maturity. The capital appreciation bonds will mature in fiscal years 2024 through 2032. The maturity amount of the capital appreciation bonds is $1,320,000 with $1,265,000 representing interest that accretes over the term of the bonds. The callable portion of the current interest bonds was refunded in fiscal year 2020 (see Note 6.C).

Future debt requirements are below:

	Series 2013					
	Current Interest Bonds			Capital Appreciation Bonds		
Year	Principal	Interest	Total	Principal	Interest	Total
2021	$ 65,000	$ 7,100	$ 72,100	$ -	$ -	$ -
2022	70,000	4,400	74,400	-	-	-
2023	75,000	1,500	76,500	-	-	-
2024	-	-	-	5,000	95,000	100,000
2025	-	-	-	10,000	95,000	105,000
2026 - 2030	-	-	-	30,000	710,000	740,000
2031 - 2032	-	-	-	10,000	365,000	375,000
Total	$ 210,000	$ 13,000	$ 223,000	$ 55,000	$ 1,265,000	$ 1,320,000

C. Series 2020 General Obligation Bonds

On February 12, 2020, the District issued general obligation bonds, in the amount of $10,525,000, for the purpose of advance refunding $10,525,000 of the Series 2013 bonds. The bond issue included serial, term, and capital appreciation refunding bonds, in the amount of $1,565,000, $8,775,000 and $185,000. The bonds are retired from the bond retirement fund, with a portion of the proceeds of a 6.5 mill voted property tax levy.

The serial and term bonds bear interest rates ranging from 1.7% to 3.4%. Interest payable semi-annually each May 1 and November 1. The final stated maturity is November 1, 2050.

The capital appreciation refunding bonds bear interest, compounded semi-annually on May 1 and November 1 (the Interest Accretion Dates), from the date of their issuance, but the interest will be payable only at maturity. The capital appreciation bonds will mature in fiscal years 2032 through 2037. The maturity amount of the capital appreciation bonds is $1,895,000 with $1,710,000 representing interest that accretes over the term of the bonds.

The bond refunding resulted in a net present value savings to the District of $2,581,312. The refunding bond proceeds were deposited with an escrow agent and used to purchase securities to provide resources for all future debt service payments on the refunded debt. At June 30, 2020 the outstanding principal amount of the refunded debt was $10,525,000.

Future debt requirements are below:

	Series 2020					
	Current Interest Bonds			Capital Appreciation Bonds		
Year	Principal	Interest	Total	Principal	Interest	Total
2021	$ 240,000	$ 321,770	$ 561,770	$ -	$ -	$ -
2022	110,000	318,767	428,767	-	-	-
2023	115,000	316,798	431,798	-	-	-
2024	120,000	314,682	434,682	-	-	-
2025	125,000	312,353	437,353	-	-	-
2026 - 2030	700,000	1,519,578	2,219,578	-	-	-
2031 - 2035	155,000	1,462,449	1,617,449	95,000	695,000	790,000
2036 - 2040	1,295,000	1,402,697	2,697,697	90,000	1,015,000	1,105,000
2041 - 2045	2,790,000	1,043,736	3,833,736	-	-	-
2046 - 2050	3,770,000	490,450	4,260,450	-	-	-
2051	920,000	15,640	935,640	-	-	-
Total	$ 10,340,000	$ 7,518,920	$ 17,858,920	$ 185,000	$ 1,710,000	$ 1,895,000

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The Code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District’s legal debt margin has been modified by House Bill 530 which became effective March 30, 2006.

In accordance with House Bill 530, the assessed valuation used in the District’s legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effect of these debt limitations at June 30, 2020 was an unvoted debt margin of $111,113. Pursuant to Ohio Revised Code Section 133.06, the District was able to exceed 9% of their tax valuation without receiving special needs approval from the State since the cost of their locally funded initiatives did not exceed fifty percent of the local share of their Ohio Schools Facilities Construction project.

NOTE 7 - LEASE-PURCHASE AGREEMENT

On March 31, 2016, the District entered into a lease-purchase financing agreement with The Huntington National Bank (the Bank) to finance the acquisition, construction, equipping, and furnishing of a new athletic building and a new bus garage. Under the agreement, the District, acting through the Board of Education (the Board), leased certain lands (the Project Site) to the Bank pursuant to a Site Lease Agreement dated as of March 31, 2016 (the Site Lease). The Bank, pursuant to a Lease Agreement dated March 31, 2016 (the Lease), subleased the Project Site and certain project facilities (the “Project Facilities”) to the Board on behalf of the District.

The Lease term commenced March 31, 2016 and renews annually through June 30, 2031. The Lease requires the District to payments of principal each December 1 beginning December 1, 2016 and ending December 1, 2025. Interest payments are due June 1 and December 1 of each year during the Lease term. The Lease states that moneys in the school district’s General fund will be used to pay the principal and interest portions of the lease.

The Site Lease is for a term beginning on March 31, 2016 and ending on June 30, 2026; provided, however, in the event that the Lease is terminated by the prepayment of required principal and interest payments, then the term of the Site Lease shall terminate simultaneously with the termination of the Lease.

The following is a schedule of the future long-term minimum lease payments required under the lease-purchase agreement and the present value of the future minimum lease payments as of June 30, 2020:

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	$ 100,000	$ 14,339	$ 114,339
2022	105,000	11,869	116,869
2023	105,000	9,339	114,339
2024	110,000	6,748	116,748
2025	110,000	4,097	114,097
2026	115,000	1,386	116,386
Present value of minimum lease payments	$ 645,000	$ 47,778	$ 692,778

NOTE 8 - RISK MANAGEMENT

A. Comprehensive

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. For fiscal year 2020, the District purchased liability, property, and fleet insurance with Trident through Governmental Underwriters of America (GUA), 600 Superior Ave, Suite 1300, Cleveland, Ohio 44114. The District pays annual premiums based on the types and limits of coverage and deductibles selected.

Coverage provided by GUA is as follows:	
Building and Contents - replacement cost ($2,500 deductible)	$41,502,786
EDP ($500 deductible)	500,000
Automobile Liability ($1,000 deductible)	1,000,000
Uninsured and UnderInsured Motorists ($1,000 deductible)	1,000,000
Collision ($500 deductible)	
Other than Collision ($250 deductible)	
General Liability-Aggregate	3,000,000
Per occurrence	1,000,000
Total per year	3,000,000
Excess Liability-Umbrella Form-each occurrence	4,000,000
Aggregate	4,000,000
Employee Dishonesty ($250 deductible)	1,000,000

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

B. Workers' Compensation

During fiscal year 2020, Comp Management, Inc. provided administrative, cost control, assistance with safety programs, and actuarial services. A District representative attends monthly meetings with the Wyandot Safety Council.

C. Health Insurance

The District participates in the Wyandot-Crawford Health Benefit Plan (the Plan), a public entity shared risk pool consisting of six school districts. The District pays monthly premiums to the Plan for medical, dental, and life insurance coverage. The Plan is responsible for the management and operations of the program. Upon withdrawal from the Plan, the participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal. The Consortium also contracts with VSP for vision insurance.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

The net pension liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability 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 this estimate annually.

The 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 are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit: or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% 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% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District's contractually required contribution to SERS was $177,146 for fiscal year 2020.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined 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 will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2019, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2019 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was $648,842 for fiscal year 2020.

Net Pension Liability

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.03752770%	0.03818728%	
Proportion of the net pension liability current measurement date	0.03583190%	0.03804239%	
Change in proportionate share	-0.00169580%	-0.00014489%	
Proportionate share of the net pension liability	$ 2,143,885	$ 8,412,846	$ 10,556,731

Actuarial Assumptions - SERS

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

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

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

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 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)

For 2019, the 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% of male rates, and 110% of female rates. Mortality among disabled members was based upon the 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.

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 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 a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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

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

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, 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%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 3,004,350	$ 2,143,885	$ 1,422,278

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation are presented below:

	July 1, 2019
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%
Cost-of-living adjustments (COLA)	0.00%

For the July 1, 2019, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	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 %	

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

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and 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 pension liability was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes 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. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, 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%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 12,294,437	$ 8,412,846	$ 5,126,880

NOTE 10 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/asset. Resulting adjustments to the net OPEB liability/asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was $19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the District's surcharge obligation was $23,253.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was $23,253 for fiscal year 2020.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability/Asset

The net OPEB liability/asset was measured as of June 30, 2019, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The 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:

	SERS	STRS	Total
Proportion of the net OPEB liability prior measurement date	0.03801340%	0.03818728%	
Proportion of the net OPEB liability/asset current measurement date	0.03687920%	0.03804239%	
Change in proportionate share	-0.00113420%	-0.00014489%	
Proportionate share of the net OPEB liability	$ 927,434	$ -	$ 927,434
Proportionate share of the net OPEB asset	$ -	$ (630,073)	$ (630,073)

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, 2019 are presented below:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	3.13%
Prior measurement date	3.62%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	3.22%
Prior measurement date	3.70%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, 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	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70%. 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% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13%, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.62% was used as of June 30, 2018. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 1,125,729	$ 927,434	$ 769,767

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 743,063	$ 927,434	$ 1,172,051

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, compared with July 1, 2018, are presented below:

	July 1, 2019		July 1, 2018	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discounted rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.87%	4.00%	6.00%	4.00%
Medicare	4.93%	4.00%	5.00%	4.00%
Prescription Drug				
Pre-Medicare	7.73%	4.00%	8.00%	4.00%
Medicare	9.62%	4.00%	-5.23%	4.00%

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% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% 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% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2018.

Benefit Term Changes Since the Prior Measurement Date - There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% 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.

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	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 %	

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

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and 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 asset was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS Ohio 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. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2019.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45%, 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%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 537,642	$ 630,073	$ 707,786

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 714,474	$ 630,073	$ 526,703

NOTE 11 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

C. Foundation Funding

School district foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2020 have been finalized and resulted in a receivable to the School District totaling $9,597. This amount was not reported on the financial statements.

D. COVID 19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District's investment portfolio and the investments of the pension and other employee benefit plan in which the District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 12 - STATUTORY RESERVES

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

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

	Capital Improvements
Set-aside reserve balance June 30, 2019	$ -
Current year set-aside requirement	144,034
Current year qualifying disbursements	(46,751)
Current year offsets	(62,050)
Prior year offset from bond proceeds	(35,233)
Total	$ -
Balance carried forward to fiscal year 2021	$ -
Set-aside balance June 30, 2020	$ -

Although it didn't occur in fiscal year 2020, qualifying disbursements exceeding the set-aside requirement may not be carried forward to the next fiscal year.

During fiscal year 2014, the District issued $10,905,000 in capital related school improvement bonds. These proceeds may be used to offset the required capital improvements set-aside amount for future years. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was $10,849,243 at June 30, 2020.

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of receipts, disbursements and changes in fund balance - budget and actual (budgetary basis) presented for the General fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than a reservation of fund balance (cash) and certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund on a cash basis.

The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the General fund:

Net Change in Fund Cash Balance	
Budget basis	$ (538,345)
Funds budgeted elsewhere	41,842
Adjustment for encumbrances	478,204
Cash basis	$ (18,299)

NOTE 14 - INCOME TAXES

The District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax became effective January 2005. A five year renewal of the levy was passed in November 2018. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are recorded in the General fund.

NOTE 15 - COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

Fund	Year-End Encumbrances
General fund	$ 479,109
Nonmajor governmental funds	74,372
Total	$ 553,481

NOTE 16 - TAX ABATEMENTS

The Village of Carey has entered into tax abatement agreements with Continental Structural Plastics, Inc., Hanon Systems USA, LLC, Wagner Ford, and JM Smith Corporation for the abatement of real property taxes. Under the agreements established by Ohio Revised Code (ORC) 5709.632 and 3735.65 through 3735.70, the businesses agree to bring jobs and economic development into the Village in exchange for forgone property tax receipts. Under the agreements, the District's property tax receipts were abated by $64,087. The District received $64,087 from the businesses in association with the forgone tax receipts.

Crawford Township and Wyandot County have entered into tax abatement agreements with PSD Development, LLC for the abatement of real property taxes. Under the agreement established by Ohio Revised Code (ORC) 5709.632, the business agrees to bring jobs and economic development into the Township and County in exchange for forgone property tax receipts. Property tax abatements and payments to the District related to these agreements are scheduled to begin in 2021.

NOTE 17 - INTERFUND TRANSACTIONS

During fiscal year 2020, the General fund transferred $41,700 to the nonmajor governmental funds to support food service.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported in the statement of activities – cash basis.

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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*

Carey Exempted Village School District
Wyandot County
2016 Blue Devil Drive
Carey, Ohio 43316-1273

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 cash-basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Carey Exempted Village School District, Wyandot County, Ohio (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 27, 2021 wherein we noted the District uses a special purpose framework other than generally accepted accounting principles. We also noted the District implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities.* In addition, we also noted the financial impact of COVID-19 and the continuing emergency measures which 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-001.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

January 27, 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2020-001

Noncompliance

Ohio Rev. Code § 117.38(A) provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Admin. Code § 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38, the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District. To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response:

The Carey Board of Education acknowledges that the State requires school districts to create GAAP reports once a year. The Board also acknowledges that to do so creates additional costs to the District for conversion and auditing. School districts currently operate on a cash basis. The GAAP conversion process takes several months and the information is, therefore, outdated before the GAAP report is complete. If the State wishes to have school districts report on a GAAP, or accrual basis, they should provide accrual accounting software that would also provide a balance sheet for the districts. It is the opinion of the Board and Administration that the GAAP conversion process is costly and time consuming to the District with little or no benefit to the District. Therefore, the District continues to report on a cash basis with OCBOA (Other Comprehensive Basis of Accounting) statements prepared annually.

Carey Exempted Village Schools
2016 Blue Devil Drive
Carey, Ohio 43316
Administration Office (419) 396-7922

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Finding was first reported during the audit of the 2006 financial statements. Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) for reporting on a basis other than generally accepted accounting principles.	Not corrected. Repeated in this report as finding 2020-001.	The District continues to elect to file OCBOA financial statements.

OHIO AUDITOR OF STATE
KEITH FABER

CAREY EXEMPTED VILLAGE SCHOOL DISTRICT

WYANDOT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 2/16/2021

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