



OHIO AUDITOR OF STATE
KEITH FABER



**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY
JUNE 30, 2020**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Georgetown Exempted Village School District
Brown County
1043 Mount Orab Pike
Georgetown, Ohio 45121

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Georgetown Exempted Village School District, Brown 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, each 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 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 (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

As discussed in Note 16 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

Supplementary Information

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

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

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

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 26, 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 26, 2021

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**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

The discussion and analysis of the Georgetown Exempted Village School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the year ended June 30, 2020, within the limitations of the School District's cash basis of accounting. The intent of this discussion and analysis is to look at the School 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 School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2020 are as follows:

- In total, net position increased \$811,474 from June 30, 2019, as restated for the implementation of GASB Statement No. 84 (see Note 3.A for detail). The School District was able to increase net position primarily through increases in charges for services and sales and general receipts while controlling disbursements to maintain an operating surplus.
- The School District's general receipts, those being primarily property taxes and unrestricted state entitlements were 72.86 percent of the total cash receipts received during fiscal year 2020, as compared to 76.62 percent in fiscal year 2019.

Using the Basic Financial Statements

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 School District's cash basis of accounting.

The School District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses and the related assets and liabilities. Under the School District's cash basis of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion with this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

The statement of net position and statement of activities provide information about the activities of the whole School District, presenting an aggregate view of the School District's cash basis finances.

Fund financial statements provide a greater 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 School District's most significant funds with all other nonmajor funds presented in total in one column. The School District's major funds for fiscal year 2020 were the General and Bond Retirement funds.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities reflect how the School District did financially during fiscal year 2020, within the limitations of cash basis accounting. The statement of net position presents the cash balance of the governmental activities of the School District at fiscal year-end. The statement of activities compares cash disbursements with program receipts for each function or program of the School District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible.

Program receipts include charges paid by the receipt of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identified how each governmental function draws from the School District's general receipts.

These statements report the School District's net position and changes in the net position on a cash basis. Factors which contribute to these changes may also include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, mandated federal and state programs and other factors.

In the statement of net position and the statement of activities, all of the School District's activities are presented as governmental activities. All of the School District's programs and services are reported here including instruction, support services, non-instructional services, food services, extracurricular activities, and capital outlay disbursements.

Reporting the School 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 School 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 School District can be divided into two categories: governmental funds and fiduciary funds.

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General and Bond Retirement funds.

Governmental Funds

Most of the School 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. The governmental fund statements provide a detailed view of the School 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 School District programs. Since the School District is reporting on the cash basis of accounting, there are no differences in the net assets and fund cash balances or changes in net assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

The School District's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the general fund is presented to demonstrate the School 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 School District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs.

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 provides the perspective of the School District as a whole. The financial statements were prepared on cash-basis utilizing the GASB Statement No. 34 format.

Table 1 provides a summary of the School District's net position for fiscal years 2020 and 2019. See Note 3.A for detail on the restatement for the implementation of GASB No. 84.

	Table 1 - Net Position	
	<u>Governmental Activities</u>	
		(Restated)
	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash and cash equivalents and restricted cash	\$ 8,006,634	\$ 7,195,160
<u>Net Position</u>		
Restricted	\$ 1,518,362	\$ 1,394,921
Unrestricted	<u>6,488,272</u>	<u>5,800,239</u>
Total net position	<u>\$ 8,006,634</u>	<u>\$ 7,195,160</u>

As mentioned previously, the total net position increased \$811,474. The primary reasons contributing to the increase in cash balances were as follows:

- Program receipts increased by \$411,386, primarily resulting from increased operating grants and contributions. General receipts decreased by \$182,834 due to a decrease in state foundation receipts, investment earnings and property taxes.
- Total disbursements increased slightly during fiscal year 2020 by \$472,291 or 3.75 percent. Instruction and support services increased 5.43 percent and 4.44 percent, respectively, from 2019, while extracurricular activities and facilities, acquisition and construction decreased 20.10 and 83.57 percent, respectively, from 2019.
- Containment of overall disbursements within available receipts contributed to the overall positive result on the bottom line for the fiscal year.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Table 2 reflects the changes in net position for fiscal years 2020 and 2019 (restated):

	Governmental Activities		Net Increase (Decrease)
	2020	(Restated) 2019	
Receipts:			
Program receipts:			
Charges for services and sales	\$ 1,433,401	\$ 1,530,602	\$ (97,201)
Operating grants and contributions	<u>2,330,250</u>	<u>1,821,663</u>	<u>508,587</u>
Total program receipts	<u>3,763,651</u>	<u>3,352,265</u>	<u>411,386</u>
General receipts:			
Property taxes	2,793,483	2,952,697	(159,214)
Unrestricted grants	7,059,127	7,158,337	(99,210)
Investment earnings	129,252	140,270	(11,018)
Miscellaneous	45,710	35,102	10,608
Sale of assets	<u>76,000</u>	<u>-</u>	<u>76,000</u>
Total general receipts	<u>10,103,572</u>	<u>10,286,406</u>	<u>(182,834)</u>
Total receipts	<u>13,867,223</u>	<u>13,638,671</u>	<u>228,552</u>
Disbursements:			
Instruction:			
Regular	5,931,326	5,725,595	205,731
Special	1,524,925	1,340,462	184,463
Vocational	175,175	179,205	(4,030)
Other	12,220	4,444	7,776
Support services:			
Pupil	872,325	753,275	119,050
Instructional staff	247,662	241,350	6,312
Board of education	22,286	29,793	(7,507)
Administration	913,033	878,793	34,240
Fiscal	344,569	333,337	11,232
Business	42,027	40,115	1,912
Operations and maintenance	1,198,916	1,013,724	185,192
Pupil transportation	519,723	626,244	(106,521)
Central	65,024	63,157	1,867
Operations of non-instructional services	6,635	2,463	4,172
Food service operations	477,589	527,305	(49,716)
Extracurricular	350,494	438,684	(88,190)
Facilities acquisition and construction	4,535	27,594	(23,059)
Debt service	<u>347,285</u>	<u>357,918</u>	<u>(10,633)</u>
Total disbursements	<u>13,055,749</u>	<u>12,583,458</u>	<u>472,291</u>
Increase in net position	<u>\$ 811,474</u>	<u>\$ 1,055,213</u>	<u>\$ (243,739)</u>

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED**

Program receipts represent 27.14 percent of total receipts and are primarily represented by restricted intergovernmental receipts, charges for tuition and fees, extracurricular activities and food service sales. General receipts represent 72.86 percent of the School District's total receipts and are comprised of property taxes, unrestricted grants and entitlements, investment earnings and miscellaneous. Unrestricted grants and entitlements, which primarily represent State resources for school funding are 50.91 percent of the School District's total receipts. Property taxes are 20.14 percent of the School District's total receipts. Other miscellaneous receipts and sale of assets receipts represent less than 1 percent of the School District's total receipts and are insignificant and somewhat unpredictable receipt sources.

The major program disbursements for governmental activities are instruction, which accounts for 58.55 percent of all governmental disbursements. Support services, which include pupil, instructional staff, board, administration, fiscal business, operations and maintenance, pupil transportation and central, account for 32.37 percent of all governmental disbursements.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identified the cost of those services supported by tax receipts and unrestricted state entitlements.

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**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Table 3 presents a comparison between the total cost of services and the net cost for fiscal years 2020 and 2019 (restated):

	Table 3 - Governmental Activities			
	Total Cost of Services	Net Cost of Services	(Restated) Total Cost of Services	(Restated) Net Cost of Services
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2019</u>
Cash disbursements:				
Instruction:				
Regular	\$ 5,931,326	\$ 4,802,543	\$ 5,725,595	\$ 4,665,322
Special	1,524,925	80,351	1,340,462	121,536
Vocational	175,175	68,235	179,205	72,265
Other	12,220	12,220	4,444	4,444
Support services:				
Pupil	872,325	469,856	753,275	674,312
Instructional staff	247,662	197,823	241,350	225,171
Board of education	22,286	22,286	29,793	29,793
Administration	913,033	913,033	878,793	878,793
Fiscal	344,569	344,569	333,337	333,337
Business	42,027	42,027	40,115	40,115
Operations and maintenance	1,198,916	1,198,916	1,013,724	1,008,063
Pupil transportation	519,723	513,758	626,244	621,517
Central	65,024	65,024	63,157	60,930
Operations of non-instructional services	6,635	(649)	2,463	2,463
Food service operations	477,589	82,615	527,305	(980)
Extracurricular	350,494	127,671	438,684	108,600
Facilities acquisition and construction	4,535	4,535	27,594	27,594
Debt service	347,285	347,285	357,918	357,918
Total	<u>\$ 13,055,749</u>	<u>\$ 9,292,098</u>	<u>\$ 12,583,458</u>	<u>\$ 9,231,193</u>

The dependence upon general cash receipts for governmental activities is apparent; with 71.17 percent of cash disbursements supported through taxes and other general cash receipts during 2020.

Financial Analysis of the School District's Funds

The School District's governmental funds are accounted for using the cash basis of accounting. Total governmental funds had receipts of \$14,296,528 (including other financing sources) and disbursements of \$13,485,054 (including other financing uses). The General fund experienced an increase in fund balance of \$587,572, as receipts continued to outpace disbursements.

The Bond Retirement fund experienced an increase in fund balance of \$103,889, as receipts for the classroom facilities levy exceeded debt service requirements for the fiscal year. Other governmental funds increased by \$120,013.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Budgeting Highlights - General Fund

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

During fiscal year 2020, the School District amended its General fund budget as needed. Original budgeted revenues were \$11,041,015 and final budgeted receipts totaled \$11,245,245 (including other financing sources). Actual receipts varied from the final budget by 1.17 percent because the actual total receipts came in over estimates.

Final disbursements were budgeted at \$11,250,929 (excluding other financing uses) while actual disbursements (excluding other financing uses) were \$10,459,864. The School District was able to keep overall spending in the General fund below budgeted amounts.

Debt Administration

At June 30, 2020, the School District's outstanding debt totaled \$2,872,462. For further information regarding the School District's debt, refer to Note 10 to the basic financial statements.

Current Issues

The School District, like most governmental entities, is faced with budget challenges during the economic climate. The School District relies heavily on State receipts as well as local property tax receipts to fund its operations.

For fiscal year 2020, the State funded schools based on the biennial budget as contained in House Bill 166 approved in July 2019. The economic downturn resulting from the COVID-19 pandemic has resulted in funding reductions from the House Bill 166 state budget. The School District's funding was cut approximately 3% during the second half of fiscal year 2020 and as of the date of these financial statements, has been cut 3% in fiscal year 2021. The ultimate impact of the COVID-19 pandemic on state and local revenues is yet to be fully determined.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Eric Toole, Treasurer of Georgetown Exempted Village School District, 1043 Mt. Orab Pike, Georgetown, Ohio 45121.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2020

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 8,004,477
Restricted cash	2,157
Total assets	\$ 8,006,634
 Net Position:	
Restricted for:	
Unclaimed monies	\$ 2,157
Debt service	917,790
Capital projects	9,912
Classroom facilities maintenance.	180,529
Scholarships	109,812
Food service operations.	29,770
Student activities	113,095
Miscellaneous grants	53,370
State funded programs	87,743
Federally funded programs	14,184
Unrestricted	6,488,272
Total net position.	\$ 8,006,634

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

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

		Program Cash Receipts		Net (Disbursements) Receipts and Change in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 5,931,326	\$ 1,018,141	\$ 110,642	\$ (4,802,543)
Special	1,524,925	103,788	1,340,786	(80,351)
Vocational	175,175	-	106,940	(68,235)
Other	12,220	-	-	(12,220)
Support services:				
Pupil	872,325	-	402,469	(469,856)
Instructional staff	247,662	-	49,839	(197,823)
Board of education	22,286	-	-	(22,286)
Administration	913,033	-	-	(913,033)
Fiscal	344,569	-	-	(344,569)
Business	42,027	-	-	(42,027)
Operations and maintenance	1,198,916	-	-	(1,198,916)
Pupil transportation	519,723	-	5,965	(513,758)
Central	65,024	-	-	(65,024)
Operation of non-instructional services	6,635	-	7,284	649
Food service operations	477,589	111,839	283,135	(82,615)
Extracurricular activities	350,494	199,633	23,190	(127,671)
Facilities acquisition and construction	4,535	-	-	(4,535)
Debt service	347,285	-	-	(347,285)
Total	\$ 13,055,749	\$ 1,433,401	\$ 2,330,250	(9,292,098)
General Receipts:				
Property taxes levied for:				
General purposes				2,244,548
Classroom facilities				43,487
Debt service				368,138
Permanent improvements				137,310
Grants and entitlements not restricted to specific programs				7,059,127
Investment earnings				129,252
Sale of assets				76,000
Miscellaneous				45,710
Total general receipts				10,103,572
Change in net position				811,474
Net position at beginning of year (restated)				7,195,160
Net position at end of year				\$ 8,006,634

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

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

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 5,741,008	\$ 917,790	\$ 1,345,679	\$ 8,004,477
Restricted assets:				
Equity in pooled cash and cash equivalents . . .	2,157	-	-	2,157
Total assets	\$ 5,743,165	\$ 917,790	\$ 1,345,679	\$ 8,006,634
 Fund Balances:				
Nonspendable:				
Unclaimed monies	\$ 2,157	\$ -	\$ -	\$ 2,157
Restricted:				
Debt service	-	917,790	-	917,790
Capital projects	-	-	9,912	9,912
Classroom facilities maintenance.	-	-	180,529	180,529
Scholarships	-	-	109,812	109,812
Food service operations.	-	-	29,770	29,770
Student activities	-	-	113,095	113,095
Miscellaneous grants	-	-	53,370	53,370
State funded programs	-	-	87,743	87,743
Federally funded programs	-	-	14,184	14,184
Committed:				
Permanent improvements.	-	-	747,264	747,264
Termination benefits.	253,083	-	-	253,083
Assigned:				
Student instruction	14,941	-	-	14,941
Student and staff support.	31,790	-	-	31,790
Subsequent year appropriations	1,037,316	-	-	1,037,316
Unassigned	4,403,878	-	-	4,403,878
Total fund balances.	\$ 5,743,165	\$ 917,790	\$ 1,345,679	\$ 8,006,634

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

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

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Receipts:				
From local sources:				
Property taxes	\$ 2,244,548	\$ 368,138	\$ 180,797	\$ 2,793,483
Tuition	1,090,483	-	-	1,090,483
Earnings on investments	129,252	-	2,787	132,039
Charges for services	-	-	111,839	111,839
Extracurricular	-	-	198,133	198,133
Classroom materials and fees	31,271	-	-	31,271
Rental income	175	-	-	175
Contributions and donations	-	-	61,417	61,417
Other local receipts	45,710	-	2,049	47,759
Intergovernmental - state	7,526,323	49,537	457,390	8,033,250
Intergovernmental - federal	193,183	-	1,098,191	1,291,374
Total receipts	<u>11,260,945</u>	<u>417,675</u>	<u>2,112,603</u>	<u>13,791,223</u>
Disbursements:				
Current:				
Instruction:				
Regular	5,813,578	-	117,748	5,931,326
Special	894,361	-	630,564	1,524,925
Vocational	175,175	-	-	175,175
Other	12,220	-	-	12,220
Support services:				
Pupil	544,388	-	327,937	872,325
Instructional staff	206,986	-	40,676	247,662
Board of education	22,286	-	-	22,286
Administration	913,033	-	-	913,033
Fiscal	326,608	12,436	5,525	344,569
Business	42,027	-	-	42,027
Operations and maintenance	733,823	-	465,093	1,198,916
Pupil transportation	494,316	-	25,407	519,723
Central	65,024	-	-	65,024
Operation of non-instructional services	-	-	6,635	6,635
Food service operations	-	-	477,589	477,589
Extracurricular activities	138,853	-	211,641	350,494
Facilities acquisition and construction	-	-	4,535	4,535
Debt service:				
Principal retirement	-	62,811	33,000	95,811
Interest and fiscal charges	-	238,539	12,935	251,474
Total disbursements	<u>10,382,678</u>	<u>313,786</u>	<u>2,359,285</u>	<u>13,055,749</u>
Excess (deficiency) of receipts over (under) disbursements	<u>878,267</u>	<u>103,889</u>	<u>(246,682)</u>	<u>735,474</u>
Other financing sources (uses):				
Sale of assets	-	-	76,000	76,000
Transfers in	-	-	360,000	360,000
Transfers (out)	(360,000)	-	-	(360,000)
Advances in	69,305	-	-	69,305
Advances (out)	-	-	(69,305)	(69,305)
Total other financing sources (uses)	<u>(290,695)</u>	<u>-</u>	<u>366,695</u>	<u>76,000</u>
Net change in fund balances	587,572	103,889	120,013	811,474
Fund balances at beginning of year (restated)	<u>5,155,593</u>	<u>813,901</u>	<u>1,225,666</u>	<u>7,195,160</u>
Fund balances at end of year	<u>\$ 5,743,165</u>	<u>\$ 917,790</u>	<u>\$ 1,345,679</u>	<u>\$ 8,006,634</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
From local sources:				
Property taxes	\$ 2,368,528	\$ 2,244,538	\$ 2,244,548	\$ 10
Tuition.	1,039,000	1,081,200	1,090,483	9,283
Earnings on investments	145,000	125,000	129,252	4,252
Classroom materials and fees	37,500	31,100	31,271	171
Rental income	-	-	175	175
Other local receipts	19,000	32,600	35,687	3,087
Intergovernmental - state	7,247,682	7,413,852	7,526,323	112,471
Intergovernmental - federal	115,000	191,300	193,183	1,883
Total receipts	<u>10,971,710</u>	<u>11,119,590</u>	<u>11,250,922</u>	<u>131,332</u>
Disbursements:				
Current:				
Instruction:				
Regular	5,988,425	6,192,474	5,874,463	318,011
Special.	849,577	878,293	894,361	(16,068)
Vocational.	225,845	233,479	175,175	58,304
Other.	10,071	10,411	12,220	(1,809)
Support services:				
Pupil.	744,022	769,170	544,557	224,613
Instructional staff	248,744	257,151	207,176	49,975
Board of education	23,614	24,412	22,510	1,902
Administration.	905,739	935,684	913,133	22,551
Fiscal	327,432	338,500	330,864	7,636
Business	39,819	41,165	42,027	(862)
Operations and maintenance.	798,117	835,594	744,332	91,262
Pupil transportation	496,745	513,306	495,169	18,137
Central.	60,339	62,379	65,024	(2,645)
Extracurricular activities.	153,716	158,911	138,853	20,058
Total disbursements	<u>10,872,205</u>	<u>11,250,929</u>	<u>10,459,864</u>	<u>791,065</u>
Excess (deficiency) of receipts over (under) disbursements	<u>99,505</u>	<u>(131,339)</u>	<u>791,058</u>	<u>922,397</u>
Other financing sources (uses):				
Refund of prior year disbursements	-	54,415	54,415	-
Transfers (out).	(408,000)	(408,000)	(408,000)	-
Advances in.	69,305	69,305	69,305	-
Sale of capital assets	-	1,935	1,935	-
Total other financing sources (uses)	<u>(338,695)</u>	<u>(282,345)</u>	<u>(282,345)</u>	<u>-</u>
Net change in fund balance	(239,190)	(413,684)	508,713	922,397
Fund balance at beginning of year	4,871,575	4,871,575	4,871,575	-
Prior year encumbrances appropriated	60,907	60,907	60,907	-
Fund balance at end of year	<u>\$ 4,693,292</u>	<u>\$ 4,518,798</u>	<u>\$ 5,441,195</u>	<u>\$ 922,397</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2020

	Private-Purpose Trust	
	Scholarship	Custodial
Assets:		
Equity in pooled cash and cash equivalents	\$ 1,474,037	\$ 51,214
Net position:		
Held in trust for scholarships	\$ 1,474,037	\$ -
Held for organizations and individuals	-	51,214
Total net position	\$ 1,474,037	\$ 51,214

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

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

	Private-Purpose Trust	
	Scholarship	Custodial
Additions:		
Contributions and donations	\$ -	\$ 1,325
Earnings on investments	23,437	559
Extracurricular collections for OHSAA	-	1,251
Collections as fiscal agent	-	121,651
Total additions.	23,437	124,786
Deductions:		
Scholarships awarded	25,000	2,750
Extracurricular distributions to OHSAA.	-	1,251
Distributions as fiscal agent	-	120,144
Total deductions.	25,000	124,145
Change in net position	(1,563)	641
Net position at beginning of year (restated).	1,475,600	50,573
Net position at end of year	\$ 1,474,037	\$ 51,214

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The School District was established in 1968 through the consolidation of existing land areas and school districts. The School District serves an area of 60 square miles. It is located in Brown County and includes all of the Village of Georgetown, and portions of surrounding townships. The Board of Education controls the School District's two school buildings staffed by 9 administrators, 42 noncertified and 72 teaching personnel employees providing education to 1,004 students.

Reporting Entity:

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the Georgetown Exempted Village School District, this includes general operations, food service, and student related activities of the School District.

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

The School District is associated with three organizations, one as a jointly-governed organization, one as an insurance purchasing pool, and one as a public entity shared risk and insurance purchasing pool. These organizations are the Hamilton/Clermont Cooperative Association, the Ohio School Boards' Association Workers' Compensation Group Rating Program and the Brown County Schools Benefits Consortium. These organizations are presented in Notes 12, 13, and 14 to the basic financial statements.

The School District's management believes these financial statements present all activities for which the School District is financially accountable.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed in Note 2.A., 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. Following are the more significant of the School District's accounting policies.

A. Basis of Accounting

Although required by Ohio Administrative Code Sections 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related receipts (such as accounts receivable and revenue for billed or provided services not yet collected) and certain 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.

B. Basis of Presentation

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

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. The statement of net position presents the cash balance of the governmental activities of the School District at fiscal year end.

The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible.

Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash basis or draws from the School District's general receipts.

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

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

C. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are divided into two categories, governmental and fiduciary.

GOVERNMENTAL FUNDS

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

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

Bond Retirement Fund - The Bond Retirement Fund is a fund provided for the retirement of general obligation bonds and short-term notes. All revenue derived from general or special levies, either within or exceeding the ten-mill limitation, which is levied for debt charges on bonds, shall be paid into this fund.

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

FIDUCIARY FUNDS

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 School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's private purpose trust fund accounts for a scholarship in which the School District is the trustee of the assets. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial funds account for monies collected by the District for the Ohio High School Athletic Association (OHSAA), programs that provide college scholarships for students after graduation for which the District has no administrative involvement, and amounts collected and paid on behalf of the Ohio Federation of Teachers union.

D. Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the Treasurer.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of disbursements on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Disbursements plus encumbrances may not legally exceed appropriations. Encumbrances outstanding at fiscal yearend are reported as a reservation of fund balance for subsequent-year disbursements for governmental funds. 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 re-appropriated.

E. Cash and Investments

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District 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, the School District's investments were limited to negotiable certificates of deposit (CDs), commercial paper, federal government money market funds, and funds invested in the State Treasury Assets Reserve of Ohio (STAR Ohio). Investments are reported at cost, except for STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School 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.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2020 was \$129,252, which included \$37,996 assigned from other School District funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent amounts required by State statute to be set aside for unclaimed monies.

G. Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the School District's cash basis of accounting.

K. 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.

L. Long-Term Obligations

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

M. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to cash disbursement for specified purposes. All other net position that do not meet the definition of restricted are reported as unrestricted net position. The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

O. Interfund Transactions

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

P. Intergovernmental Receipts

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received.

Q. Receipts and Disbursements

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the School District's taxpayers are reported as program receipts. The School District has the following program receipts: charges for services and operating grants and contributions. All other governmental receipts are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

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

For fiscal year 2020, the School 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 School District will no longer be reporting agency funds. The School District reviewed its private purpose trust and agency funds and certain funds will be reported in the new fiduciary classification of custodial funds, while other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the School District's financial statements.

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

The implementation of GASB Statement No. 84 had the following effect on the net position and fund balance as reported at June 30, 2019:

	Governmental Activities
Net cash position as previously reported	\$ 7,003,089
GASB Statement No. 84	<u>192,071</u>
Restated net cash position at June 30, 2019	<u>\$ 7,195,160</u>

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund cash balance				
previously reported	\$ 5,155,593	\$ 813,901	\$ 1,033,595	\$ 7,003,089
GASB Statement No. 84	<u>-</u>	<u>-</u>	<u>192,071</u>	<u>192,071</u>
Restated fund cash balance at June 30, 2019	<u>\$ 5,155,593</u>	<u>\$ 813,901</u>	<u>\$ 1,225,666</u>	<u>\$ 7,195,160</u>
	<u>Private Purpose Trust</u>	<u>Custodial</u>	<u>Agency</u>	
Net cash position				
previously reported	\$ 1,619,982	\$ -	\$ 98,262	
GASB Statement No. 84	<u>(144,382)</u>	<u>50,573</u>	<u>(98,262)</u>	
Restated net cash position at June 30, 2019	<u>\$ 1,475,600</u>	<u>\$ 50,573</u>	<u>\$ -</u>	

B. Compliance

Ohio Administrative Code Section 117-2-03(B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School 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 School District can be fined and various other administrative remedies may be taken against the School District.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of cash, 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 - Budget Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major difference between the budget basis and the cash basis is that encumbrances are treated as disbursements (budget basis) rather than as a reservation of fund balance (cash basis). Additionally, the budget basis reflects activity for the General Fund only as identified in the legally adopted budget. Fund activity for separate funds in the school district budget but which are reclassified to the General Fund as a result of GASB 54 are reported in the cash basis financial statements, but not in the budget basis financials.

<u>Reconciliation of June 30, 2020 Fund Balance</u>	
Cash basis	\$ 5,743,165
Encumbrances	(38,973)
GASB 54 reclassifications	<u>(262,997)</u>
Budget basis	<u>\$ 5,441,195</u>

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5 - DEPOSITS AND INVESTMENTS

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School 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 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 held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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 the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. 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. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio).

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 School 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.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

A. Deposits

At June 30, 2020, the carrying amount of all School District deposits was \$853,456 and the bank balance of all School District deposits was \$1,096,582. Of the bank balance, \$250,000 was covered by the FDIC and \$846,582 was covered by the Ohio Pooled Collateral System (OPCS).

Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School 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 School 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 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. For fiscal year 2020 the School District's financial institutions were approved for a reduced collateral rate through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

B. Investments

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

Investment type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Negotiable CD's	\$ 4,000,000	\$ 250,000	\$ -	\$ 500,000	\$ 1,750,000	\$ 1,500,000
Commercial paper	291,670	-	291,670	-	-	-
Federal government money market	10,513	10,513	-	-	-	-
STAR Ohio	4,376,246	4,376,246	-	-	-	-
Total	<u>\$ 8,678,429</u>	<u>\$ 4,636,759</u>	<u>\$ 291,670</u>	<u>\$ 500,000</u>	<u>\$ 1,750,000</u>	<u>\$ 1,500,000</u>

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District's investment policy addresses interest rate risk by requiring that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5 - DEPOSITS AND INVESTMENTS - (Continued)

The investments in commercial paper were rated P-1 and A-1 by Moody's and were rated A-1 and A+ by Standard and Poor's. The negotiable CDs are fully covered by FDIC and are not rated. The federal government money market funds carry a rating of AAAM by Standard and Poor's. STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District's investment policy does not address investment credit risk beyond the requirements of ORC 135.14(M)(2) which states, "Payments for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from custodian by the treasurer, governing board, or qualified trustee."

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Concentration of credit risk is the risk of loss attributed to the magnitude of the School District's investment in a single issuer. The District has invested 46.09 percent, 3.36 percent, 0.12 percent and 50.43 percent of its investments in negotiable CDs, commercial paper and federal government money market funds, and STAR Ohio, respectively.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax receipts received in calendar year 2020 represent the collection of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, 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 receipts received in calendar year 2019 represent the collection of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien on December 31, 2018, were levied after April 1, 2019, 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.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 6 - PROPERTY TAXES – (Continued)

Tangible personal property tax receipts received in calendar year 2020 (other than public utility property) represent the collection of calendar year 2020 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2020 were levied after October 1, 2019, on the value as of December 31, 2018. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Brown County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

	2019 Second Half Collections		2020 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 116,475,380	92.36	\$ 115,992,020	93.14
Public utility personal	<u>9,637,590</u>	<u>7.64</u>	<u>8,540,430</u>	<u>6.86</u>
Total	<u>\$ 126,112,970</u>	<u>100.00</u>	<u>\$ 124,532,450</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$30.40		\$30.40	

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020, the School District contracted with the Ohio School Plan for the following insurance coverage:

<u>Educational Property and Crime Liability</u>	
Building and contents - replacement cost	\$ 42,028,878
Crime:	
Employee theft - per coverage	50,000
Forgery or alteration	50,000
Inside the premises - theft of money and securities	25,000
Outside the premises - theft of money and securities	25,000
Computer fraud	50,000
Funds transfer fraud	25,000
 <u>Automobile Liability</u>	
Liability	3,000,000
Uninsured and underinsured motorists	1,000,000
 <u>Cyber Liability</u>	 1,000,000
 <u>Educational Liability:</u>	
Educational general liability:	
Per occurrence	3,000,000
Aggregate	5,000,000
Employer's liability stop-gap:	
Bodily injury by accident	3,000,000
Bodily injury by disease	3,000,000
Fiduciary liability:	
Each fiduciary claim limit	3,000,000
Aggregate	5,000,000
Education legal liability:	
Errors and omissions injury limit	3,000,000
Errors and omissions aggregate	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7 - RISK MANAGEMENT - (Continued)

B. Workers' Compensation

For fiscal year 2020, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP is intended to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the GRP. Each member pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Comp Management provides administrative, cost control, and actuarial services to the GRP.

C. Employee Medical Benefits

The School District participates in the Brown County Schools Benefits Consortium (the "Consortium"), a public entity shared risk and insurance purchasing pool (See Note 14), consisting of nine districts. The School District is responsible for providing a current listing of enrolled employees and for providing timely pro-rata payments of premiums to the Consortium for employee health coverage and benefits. The Consortium is responsible for the management and operations of the program. Upon termination from the Consortium, for any reason, the terminated member shall assume and be responsible for the payment of any delinquent contributions and all claims of its employees from the date of termination regardless of the date such claims were incurred.

NOTE 8 - 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 School 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 School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 School 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 School 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 School District’s contractually required contribution to SERS was \$223,777 for fiscal year 2020.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers 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 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined 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.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 2020, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$778,350 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 School 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	0.03985880%	0.03613007%	
Proportion of the net pension liability current measurement date	<u>0.04048020%</u>	<u>0.03718941%</u>	
Change in proportionate share	<u>0.00062140%</u>	<u>0.00105934%</u>	
Proportionate share of the net pension liability	\$ 2,422,001	\$ 8,224,215	\$ 10,646,216

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.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 School 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.

	Current		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 3,394,090	\$ 2,422,001	\$ 1,606,784

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%

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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:

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

*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.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the School 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 School 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	\$ 12,018,773	\$ 8,224,215	\$ 5,011,926

NOTE 9 - 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 School 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 School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which OPEB are financed; however, the School 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.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, prorated 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 \$21,018.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$21,018 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.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 School District's proportion of the net OPEB liability/asset was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.04042260%	0.03613007%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.04067190%</u>	<u>0.03718941%</u>	
Change in proportionate share	<u>0.00024930%</u>	<u>0.00105934%</u>	
Proportionate share of the net OPEB liability	\$ 1,022,813	\$ -	\$ 1,022,813
Proportionate share of the net OPEB asset	\$ -	\$ (615,946)	\$ (615,946)

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.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 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.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 School 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.

	Current		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,241,501	\$ 1,022,813	\$ 848,930
	Current		
	1% Decrease	Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 819,480	\$ 1,022,813	\$ 1,292,586

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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	
	Initial	Ultimate	Initial	Ultimate
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				
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.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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	<u>100.00 %</u>	

* 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 School 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	\$ 525,587	\$ 615,946

	1% Decrease	Current Trend Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 698,454	\$ 615,946

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 10 - DEBT

A. Debt Obligations

Debt obligations of the School District at June 30, 2020 consisted of the following:

	<u>Balance</u> <u>06/30/19</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/20</u>	<u>Amount</u> <u>Due in</u> <u>One Year</u>
Classroom Facilities Refunding Bonds					
2012 2.88%	\$ 2,712,273	\$ -	\$ (62,811)	\$ 2,649,462	\$ 57,727
Certificate of Participation					
2007 4.92%	202,000	-	(25,000)	177,000	26,000
Certificate of Participation					
2006 4.92%	<u>54,000</u>	<u>-</u>	<u>(8,000)</u>	<u>46,000</u>	<u>8,000</u>
Total debt obligations	<u>\$ 2,968,273</u>	<u>\$ -</u>	<u>\$ (95,811)</u>	<u>\$ 2,872,462</u>	<u>\$ 91,727</u>

Classroom Facilities Refunding Bonds - 2012

On May 22, 2012, the School District issued \$3,704,996 in classroom facilities refunding bonds (voted general obligation bonds) for the purpose of advance-refunding the Series 2004 Classroom Facilities Bonds. The bond issue included serial, term, and capital appreciation bonds, in the amount of \$2,350,000, \$1,110,000, and \$244,996, respectively. The bonds were issued at a premium of \$585,595. The bonds are being retired from the Bond Retirement debt service fund from a voted tax levy.

The term bonds maturing on December 1, 2029 and December 31, 2031, are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, on December 1 in the years and respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2029	\$ 535,000
2031	575,000

The serial bonds maturing after December 1, 2022, are subject to optional redemption, in whole or in part on any interest payment date, in integral multiples of \$5,000, at the option of the School District on or after June 1, 2022, at the redemption prices of 100% plus accrued interest to the redemption date.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 10 - DEBT - (Continued)

The capital appreciation bonds will mature in fiscal years 2019 - 2022 and are not subject to redemption prior to maturity. The maturity amount of the bonds is \$235,000, \$225,000, \$245,000, and \$235,000, respectively in fiscal years 2019 - 2022.

Certificates of Participation

During fiscal year 2007, the School District entered into a Certificate of Participation Obligation totaling \$435,000. The purpose was for obtaining supplemental financing for the acquisition and construction of school improvements including a new elementary school. The School District is leasing the project from the Columbus Regional Port Authority. The Authority will retain title to the project during the certificate term. The certificate will mature in July of 2026.

During fiscal year 2006, the School District entered into a Certificate of Participation Obligation totaling \$257,000. The purpose was for obtaining supplemental financing for the acquisition and construction of school improvements including a new elementary school. The School District is leasing the project from the Columbus Regional Port Authority. The Authority will retain title to the project during the certificate term. The certificate will mature in January of 2026.

B. Future Debt Requirements

The annual requirements to amortize all debt outstanding as of June 30, 2020 are as follows:

Fiscal Year Ending June 30.	Classroom Facilities Bonds			Certificates of Participation		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 57,727	\$ 263,623	\$ 321,350	\$ 34,000	\$ 10,482	\$ 44,482
2022	46,735	264,616	311,351	36,000	8,840	44,840
2023	225,000	72,975	297,975	38,000	7,179	45,179
2024	220,000	66,300	286,300	39,000	5,319	44,319
2025	245,000	59,325	304,325	42,000	3,439	45,439
2026 - 2030	1,280,000	184,500	1,464,500	34,000	1,635	35,635
2031- 2032	575,000	17,475	592,475	-	-	-
Total	<u>\$ 2,649,462</u>	<u>\$ 928,814</u>	<u>\$ 3,578,276</u>	<u>\$ 223,000</u>	<u>\$ 36,894</u>	<u>\$ 259,894</u>

NOTE 11 - SET-ASIDE REQUIREMENTS

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end. These amounts must be carried forward and used for the same purposes in future years.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 - SET-ASIDE REQUIREMENTS - (Continued)

The following cash basis information identifies the changes in fund balance reserves for capital improvements during fiscal year 2020.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2019	\$ -
Current year set-aside requirement	198,971
Prior year carryover	(2,787,277)
Current year offsets	(666,698)
Qualifying disbursements	<u>(38,938)</u>
Set-aside cash balance carried forward to future years where allowable	<u>(3,293,942)</u>
Set-aside balance June 30, 2020	<u><u>\$ -</u></u>

The School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero. These extra amounts may be carried forward to reduce the set-aside requirements of future years.

NOTE 12 - JOINTLY GOVERNED ORGANIZATION

The School District is a participant in the Hamilton/Clermont Cooperative Association (HCCA) which is a computer consortium. HCCA is an association of 31 public school districts within the boundaries of Hamilton, Clermont and surrounding 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 HCCA consists of the superintendents and/or treasurers of the participating districts. HCCA is not accumulating significant financial resources nor is it experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Financial information can be obtained from the HCCA Board of Education, Tom Collins, Director, at 7615 Harrison Avenue, Cincinnati, Ohio 45231-3107.

NOTE 13 - INSURANCE PURCHASING POOL

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan") was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool. The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as the coordinator of the Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - PUBLIC ENTITY SHARED RISK POOL/INSURANCE PURCHASING POOL

The Brown County Schools Benefits Consortium, a public entity shared risk and insurance purchasing pool, currently operates to provide medical insurance (insurance purchasing pool) and dental coverage (public entity shared risk pool) to enrolled employees of the consortium members and to eligible dependents of those enrolled employees.

Six Brown County school districts (Eastern Brown, Fayetteville-Perry, Georgetown, Ripley-Union-Lewis-Huntington, Southern Hills Career and Technical Center, and Western Brown Schools) and two Highland County school districts (Bright Local and Lynchburg-Clay) along with the Brown County Educational Service Center have entered into an agreement to form the Brown County Schools Benefits Consortium. The Consortium is governed by a nine member board consisting of the superintendents of each participating school district along with the superintendent of the Brown County Educational Service Center. The overall objectives of the consortium are to formulate and administer a program of health and dental insurance for the benefit of the consortium members' employees and their dependents. The consortium contracts with United Healthcare to provide medical insurance directly to consortium member employees. The School District pays premiums to the consortium based on employee membership.

For dental coverage, the consortium acts as a public entity shared risk pool. Each member district pays dental premiums based on the consortium estimates of future claims. If the member district's dental claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the School District's claims are low, it will not receive a refund. Dental coverage is administered through a third party administrator, Dental Care Plus. Participating member districts pay an administrative fee to the fiscal agent to cover the costs associated with administering the Consortium. To obtain financial information, write to the Brown County Educational Service Center at 325 West State St., Georgetown, Ohio, 45121.

NOTE 15 - INTERFUND TRANSACTIONS

- A.** Interfund transfers for the fiscal year ended June 30, 2020, consisted of a \$360,000 transfer from the General Fund to the Permanent Improvement nonmajor capital projects fund, as reported on the fund statements.

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

- B.** Interfund advances for the fiscal year ended June 30, 2020, consisted of the following, as reported on the fund statements:

<u>Advances In</u>	<u>Advances Out</u>	<u>Amount</u>
General fund	Nonmajor special revenue funds:	
	IDEA, Part B	\$ 26,400
	Title I, Disadvantaged Children	32,085
	IDEA Preschool Grant for the Handicapped	2,236
	Improving Teacher Quality	4,693
	Miscellaneous Federal Grants	<u>3,891</u>
	Total	<u>\$ 69,305</u>

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 15 - INTERFUND TRANSACTIONS - (Continued)

The advances represent repayments from prior fiscal year advances for the reimbursement of disbursements in federal grant programs. Interfund advances between governmental funds are eliminated on the government-wide financial statements.

NOTE 16 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The disbursements of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2020.

B. Litigation

There are currently no matters in litigation with the School District as defendant.

C. Full-Time Equivalency

The School District's Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2015-2016 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2020 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time.

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 ensuing emergency measures will impact subsequent periods of the School District. The School District's investment portfolio and the investments of the pension and other employee benefit plans are subject to increased market volatility, which could result in a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
<i>Nutrition Cluster:</i>			
<i>Cash Assistance:</i>			
School Breakfast Program	10.553	3L70	83,765
COVID-19 School Breakfast Program	10.553	3L70	16,478
National School Lunch Program	10.555	3L60	148,674
COVID-19 National School Lunch Program	10.555	3L60	27,522
<i>Non-Cash Assistance (Food Distribution):</i>			
National School Lunch Program	10.555	N/A	38,843
Total Nutrition Cluster			315,282
Total U.S. Department of Agriculture			315,282
U.S. DEPARTMENT OF EDUCATION			
Investing in Innovation	84.411A		1,275
<i>Passed Through Ohio Department of Education</i>			
<i>Special Education Cluster:</i>			
Special Education - Grants to States	84.027	3M20	268,654
Special Education - Preschool Grants	84.173	3C50	570
Total Special Education Cluster			269,224
Title I Grants to Local Educational Agencies	84.010	3M00	348,488
Improving Teacher Quality - State Grants	84.367	3Y60	58,575
Title IV-A Improving Teacher Quality State Grant	84.424	3H10	35,308
Rural Education	84.358	3Y80	26,322
Total U.S. Department of Education			739,192
Total Expenditures of Federal Awards			\$1,054,474

The accompanying notes are an integral part of this schedule.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Georgetown Exempted Village School District (the District) under programs of the federal government for the year ended June 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



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

Georgetown Exempted Village School District
Brown County
1043 Mount Orab Pike
Georgetown, Ohio 45121

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, each major fund, and the aggregate remaining fund information of the Georgetown Exempted Village School District, Brown County, (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 26, 2021 wherein we noted the District uses a special purpose framework other than generally accepted accounting principles and the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. 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 we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-001.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and corrective action plan. 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 26, 2021

OHIO AUDITOR OF STATE KEITH FABER



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

Georgetown Exempted Village School District
Brown County
1043 Mount Orab Pike
Georgetown, Ohio 45121

To the Board of Education

Report on Compliance for Each Major Federal Program

We have audited the Georgetown Exempted Village School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the Georgetown Exempted Village School District's major federal programs for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Georgetown Exempted Village School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
January 26, 2021

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT
BROWN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster (CFDA #10.553, 10.555, 10.556, 10.559) Special Education Cluster (CFDA #84.027, 84.173)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2020-001

Noncompliance

Ohio Rev. Code §117.38 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).

**FINDING NUMBER 2020-001
(Continued)**

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 District made a decision to prepare and file financial statements on the OCBOA basis as a means of saving time and money.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None.

GEORGETOWN EXEMPTED VILLAGE SCHOOLS

1043 Mt. Orab Pike
Georgetown, Oh. 45121

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) JUNE 30, 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Noncompliance with ORC 117.38 and OAC 117-2-03(B) – Annual Financial Report	Not Corrected	Reissued as finding 2020-001

BOARD OF EDUCATION

Greg Barlow Dick Colwell Jonathan Linkous Ralph Sininger Raymond Virost, DDS

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GEORGETOWN EXEMPTED VILLAGE SCHOOLS

1043 Mt. Orab Pike
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CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) June 30, 2020

Finding Number:	2020-001
Planned Corrective Action:	School District officials made the decision to prepare and present financial statements using the OCBOA format as a means of saving time and money for the District.
Anticipated Completion Date:	N/A
Responsible Contact Person:	Eric Toole, Treasurer

BOARD OF EDUCATION

Greg Barlow

Dick Colwell

Jonathan Linkous

Ralph Singinger

Raymond Virost, DDS

OHIO AUDITOR OF STATE KEITH FABER



GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT

BROWN 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 2/11/2021

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

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