OHIO AUDITOR OF STATE
KEITH FABER

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY
JUNE 30, 2020

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OHIO AUDITOR OF STATE
KEITH FABER

One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Liberty Center Local School District
Henry County
100 Tiger Trail
Liberty Center, Ohio 43532-0434

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty Center Local School District, Henry 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 accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 3B 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 20 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 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

March 4, 2021

The discussion and analysis of the financial performance of Liberty Center Local School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2020 are as follows:

- In total, net position decreased $435,374.
- General revenues accounted for $13,662,529, or 77 percent of all revenues. Program specific revenues in the form of, charges for services and operating grants and contributions accounted for $4,000,698 or 23 percent of total revenues of $17,663,227.
- The District's major funds are the General Fund and the Bond Retirement Fund.
- The General Fund had $14,628,177 in revenues and $14,213,671 in expenditures and other financing uses. The General Fund's balance increased $414,506 from the prior fiscal year. The Bond Retirement Fund had $1,005,949 in revenues and $1,017,040 in expenditures. The Bond Retirement Fund's balance decreased $11,091 from the prior fiscal year.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net position and the statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide 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 District's most significant funds, with all other non-major funds presented in total in a single column.

For the District, the General Fund is by far the most significant fund. The District's major funds are the General Fund and the Bond Retirement Fund.

Reporting the District as a Whole

Statement of Net position and Statement of Activities

The statement of net position and the statement of activities reflect how the District did financially during fiscal year 2020. These statements include all assets and liabilities using the accrual basis of accounting similar to which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net position and the statement of activities, the District discloses a single type of activity:

> Governmental Activities - All of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities. These services are primarily funded by property tax revenues and from intergovernmental revenues, including federal and state grants and other shared revenues.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds - Most of the District's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the District's programs. These funds use the accrual basis of accounting.

The District as a Whole

Recall that the Statement of Net Position provides the perspective of the District as a whole. Table 1 provides a summary of the School District's net position for 2020 compared to 2019. The net position for 2019 has been restated as described in Note 3.

Table 1
Net position Governmental Activities

	2020	(Restated) 2019
Assets		
Current and Other Assets	$21,252,502	$19,231,850
Capital Assets	44,073,827	44,065,157
Total Assets	65,326,329	63,297,007
Deferred Outflows of Resources		
Deferred Charge on Refunding	-	20,102
Pension	3,329,279	4,443,443
OPEB	424,417	308,434
Total Deferred Outflows of Resources	3,753,696	4,771,979
Liabilities		
Current and Other Liabilities	2,146,973	1,851,611
Long-Term Liabilities:		
Due Within One Year	464,283	201,667
Due Within More Than One Year		
Other amounts	19,702,927	20,208,750
Net Pension Liability	15,888,174	15,455,440
Net OPEB Liability	1,427,143	1,532,532
Total Liabilities	39,629,500	39,250,000
Deferred Inflows of Resources		
Property Taxes	6,550,871	5,310,292
Pension	748,404	929,820
OPEB	1,533,812	1,526,062
Total Deferred Inflows of Resources	8,833,087	7,766,174
Net Position		
Net Investment in Capital Assets	24,711,704	24,401,814
Restricted	3,121,452	1,199,862
Unrestricted (deficit)	(7,215,718)	(4,548,864)
Total Net Position	$20,617,438	$21,052,812

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2020 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2018, the District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and OPEB asset/liability, respectively, not accounted for as deferred inflows/outflows.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2020 and 2019. Due to practicality, 2019 revenues and expenses in the table below have not been adjusted to reflect the implementation of GASB No. 84 (see Note 3). Rather, the cumulative impact of applying GASB No. 84 is reflected in the beginning net position for 2019.

Table 2
Change in Net position Governmental Activities

	2020	2019
Revenues:		
Program Revenues:		
Charges for Services and Sales	$2,700,622	$2,616,353
Operating Grants, Contributions and Interest	1,300,076	1,259,054
Total Program Revenues	4,000,698	3,875,407
General Revenues:		
Property Taxes	5,260,514	5,292,486
Income Taxes	2,419,262	2,603,442
Grants and Entitlements	5,672,124	5,933,435
Investment Earnings	288,481	223,377
Gifts and Donations	-	8,811
Miscellaneous	22,148	12,581
Total General Revenues	13,662,529	14,074,132
Total Revenues	17,663,227	17,949,539
Expenses:		
Instruction	10,611,472	8,234,125
Support Services:		
Pupils	818,836	712,790
Instructional Staff	489,723	415,758
Board of Education	70,641	67,333
Administration	1,152,106	962,265
Fiscal	438,357	362,836
Operation and Maintenance of Plant	1,081,537	1,147,992
Pupil Transportation	651,667	543,433
Central	65,337	205,548
Non-Instructional	929,243	785,657
Extracurricular Activities	1,082,612	752,883
Interest and Fiscal Charges	707,070	830,709
Total Expenses	18,098,601	15,021,329
Change in Net position	(435,374)	2,928,210
Beginning net position (restated)	21,052,812	18,124,602
Ending Net Position	$20,617,438	$21,052,812

Total revenues decreased by $286,312 (2 percent). This was primarily attributed to decreases in property and income taxes received.

Program revenues account for 23 percent of total revenues and are primarily represented by restricted intergovernmental revenues, charges for tuition and fees, extracurricular activities, and food service sales.

The major program expenses for governmental activities are instruction, which accounts for 59 percent of all governmental expenses. Other programs, which support the instruction process, including pupils, instructional staff, operation and maintenance of plant, and pupil transportation, account for 17 percent of governmental expenses. Therefore, over 76 percent of the District's expenses are related to the primary functions of providing facilities and delivering education. As can be seen, these costs are funded almost entirely from property taxes and grants and entitlements.

Governmental Activities

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 and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

Table 3
Governmental Activities

	Total Cost of Services 2020	Net Cost of Services 2020	Total Cost of Services 2019	Net Cost of Services 2019
Instruction	$10,611,472	$7,425,261	$8,234,125	$5,559,025
Support Services:				
Pupils	818,836	773,354	712,790	710,090
Instructional Staff	489,723	460,651	415,758	402,592
Board of Education	70,641	70,641	67,333	67,333
Administration	1,152,106	1,120,672	962,265	489,630
Fiscal	438,357	438,357	362,836	361,409
Operation and Maintenance of Plant	1,081,537	1,054,574	1,147,992	1,147,992
Pupil Transportation	651,667	634,934	543,433	543,433
Central	65,337	59,937	205,548	200,148
Non-Instructional	929,243	616,661	785,657	405,937
Extracurricular Activities	1,082,612	735,791	752,883	427,624
Interest and Fiscal Charges	707,070	707,070	830,709	830,709
Total Expenses	$18,098,601	$14,097,903	$15,021,329	$11,145,922

The dependence upon tax and other general revenues for governmental activities is apparent; 70 percent of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 78 percent. The District's taxpayers, as a whole, are by far the primary support for District's students.

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. The District's major governmental funds are the General Fund and the Bond Retirement Fund. Total governmental funds had revenues and other financing sources of $17,228,603 and expenditures and other financing uses of $17,291,563. The net decrease of $62,960 in fund balance for the year indicates that the District fund balance remained relatively stable.

In fiscal year 2020, General Fund revenues decreased by 3 percent. General Fund expenditures also decreased by 3 percent. The General Fund balance increased $414,506 (6 percent). The overall receipts and other financing sources had little change and were able to cover the decrease in the overall expenditures and other financing.

In fiscal year 2020, the Bond Retirement Fund revenues decreased by 20 percent due to a decrease in property tax revenue. The Bond Retirement expenditures increased by 1 percent due to the retirement of debt. The Bond Retirement Fund balance decreased by $11,091 (1 percent) due to property and rollback and homestead taxes being less than the District's required debt payments.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2020, the District amended its General Fund budget as needed.

General Fund original budgeted revenues were $14,188,339 and final budgeted revenues were $14,523,565. Actual revenues and other financing sources were $15,004,319. This represents an increase of $480,754 (3 percent).

General Fund original appropriations and other financing uses of $14,883,106 were decreased to $14,875,856 in the final budget ($7,250 or less than 1 percent). The actual budget basis expenditures and other financing uses for fiscal year 2020 totaled $14,286,664, which was $589,192 (4 percent) less than the final budget appropriations. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2020, the District had $24,711,704 Net Investment in Capital Assets for governmental activities.

For further information regarding the District's capital assets, see the notes to the basic financial statements.

Debt

At June 30, 2020, the District had $18,305,000 in school improvement general obligation bonds for building improvements and $9,958 in capital appreciation bonds. The bonds were issued in 2014 for a thirty-seven year period.

The District had $249,672 in Energy Conservation Notes. The notes were issued in 2010 with final maturity on December 1, 2023. The notes are being retired through the General Fund.

For further information regarding the District's debt, see the notes to the basic financial statements.

Current Issues

Liberty Center is a small rural community of 1,180 people in Northwest Ohio. It has a number of small and medium businesses with agriculture having a major influence on the economy.

The District's budget basis fund balance in the general fund increased $717,655 to an ending balance of $7,672,954. The cash balance of the District on June 30 is $10,914,777, which includes the fair market value adjustment related to investments.

In September 2014, the District approved an agreement with the Ohio Facilities Construction Commission (OFCC) to build a new school building which will include an elementary, middle, and high school. The total cost of the project is $41,895,350, which includes a state share of $23,385,350, local share of $13,154,260, and the locally funded initiative share of $5,355,740. The new school building opened in January of 2018.

The uncertainty of state funding is a challenge the District faces, as do many other local school districts. A significant source of the operating revenue that is received by the District is from state funding. State foundation is set as part of the State's biennial budget for FY2020 and FY2021. Due to the COVID-19 pandemic, the State made a cut in State funding. If there are any changes to our foundation payments at the conclusion of the current biennial budget, it will have a material effect on the District.

The Board of Education and Administration continue to plan carefully to provide the resources and education required to meet student needs.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Jenell Buenger, Treasurer, Liberty Center Local School District, 100 Tiger Trail, Liberty Center, Ohio 43532-0434.

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents. . .	$ 10,914,777
Receivables:	
Property taxes	8,228,896
Income taxes.	849,712
Payment in lieu of taxes	5,441
Accounts.	247,460
Accrued interest	18,173
Intergovernmental	16,206
Prepayments	13,638
Materials and supplies inventory.	8,861
Inventory held for resale.	8,349
Net OPEB asset.	940,989
Capital assets:	
Nondepreciable capital assets	1,909,811
Depreciable capital assets, net.	42,164,016
Capital assets, net	44,073,827
Total assets.	65,326,329
Deferred outflows of resources:	
Pension	3,329,279
OPEB	424,417
Total deferred outflows of resources	3,753,696
Liabilities:	
Accounts payable.	13,712
Contracts payable.	203,521
Accrued wages and benefits payable	1,548,318
Intergovernmental payable	69,963
Pension and postemployment benefits payable.	253,342
Accrued interest payable	58,117
Long-term liabilities:	
Due within one year.	464,283
Due in more than one year:	
Net pension liability.	15,888,174
Net OPEB liability.	1,427,143
Other amounts due in more than one year .	19,702,927
Total liabilities	39,629,500
Deferred inflows of resources:	
Property taxes levied for the next fiscal year. . . .	6,545,430
Payment in lieu of taxes levied for the next fiscal year	5,441
Pension	748,404
OPEB	1,533,812
Total deferred inflows of resources	8,833,087
Net position:	
Net investment in capital assets	24,711,704
Restricted for:	
Capital projects	1,205,746
Classroom facilities maintenance	370,329
Debt service.	1,347,857
State funded programs.	14,468
Federally funded programs	1
Student activities	167,218
Other purposes	15,833
Unrestricted (deficit)	(7,215,718)
Total net position.	$ 20,617,438

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

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

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental activities:				
Instruction:				
Regular	$ 7,261,992	$ 1,511,467	$ 7,318	$ (5,743,207)
Special	2,673,802	701,349	900,339	(1,072,114)
Vocational	266,064	-	65,738	(200,326)
Other	409,614	-	-	(409,614)
Support services:				
Pupil.	818,836	-	45,482	(773,354)
Instructional staff	489,723	-	29,072	(460,651)
Board of education	70,641	-	-	(70,641)
Administration.	1,152,106	10,592	20,842	(1,120,672)
Fiscal.	438,357	-	-	(438,357)
Operations and maintenance	1,081,537	16,782	10,181	(1,054,574)
Pupil transportation.	651,667	-	16,733	(634,934)
Central	65,337	-	5,400	(59,937)
Operation of non-instructional services:				
Other non-instructional services	549,959	-	-	(549,959)
Food service operations	379,284	182,331	130,251	(66,702)
Extracurricular activities.	1,082,612	278,101	68,720	(735,791)
Interest and fiscal charges	707,070	-	-	(707,070)
Total governmental activities	$ 18,098,601	$ 2,700,622	$ 1,300,076	(14,097,903)

General revenues:	
Property taxes levied for:	
General purposes	3,962,186
Debt service.	1,057,915
Capital outlay.	149,827
Classroom facilities maintenance	90,586
Income taxes levied for:	
General purposes	2,419,262
Grants and entitlements not restricted to specific programs	5,672,124
Investment earnings	288,481
Miscellaneous	22,148
Total general revenues	13,662,529
Change in net position	(435,374)
Net position at beginning of year (restated)	21,052,812
Net position at end of year.	$ 20,617,438

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash				
and cash equivalents.	$ 7,871,807	$ 1,076,648	$ 1,966,322	$ 10,914,777
Receivables:				
Property taxes.	6,821,488	1,143,263	264,145	8,228,896
Income taxes	849,712	-	-	849,712
Payment in lieu of taxes	5,441	-	-	5,441
Accounts	243,614	-	3,846	247,460
Accrued interest	18,173	-	-	18,173
Intergovernmental.	10,335	-	5,871	16,206
Prepayments.	13,348	-	290	13,638
Materials and supplies inventory.	7,215	-	1,646	8,861
Inventory held for resale.	-	-	8,349	8,349
Total assets	$ 15,841,133	$ 2,219,911	$ 2,250,469	$ 20,311,513
Liabilities:				
Accounts payable	$ 6,667	$ -	$ 7,045	$ 13,712
Contracts payable.	-	-	203,521	203,521
Accrued wages and benefits payable	1,510,463	-	37,855	1,548,318
Compensated absences payable	2,307	-	-	2,307
Intergovernmental payable	69,459	-	504	69,963
Pension and postemployment benefits payable. . .	244,515	-	8,827	253,342
Total liabilities.	1,833,411	-	257,752	2,091,163
Deferred inflows of resources:				
Property taxes levied for the next fiscal year. . .	5,445,939	893,604	205,887	6,545,430
Payment in lieu of taxes levied for the next fiscal year	5,441	-	-	5,441
Delinquent property tax revenue not available. . .	671,281	113,254	26,189	810,724
Income tax revenue not available	189,145	-	-	189,145
Intergovernmental revenue not available.	10,335	-	-	10,335
Accrued interest not available.	14,124	-	-	14,124
Total deferred inflows of resources	6,336,265	1,006,858	232,076	7,575,199
Fund balances:				
Nonspendable:				
Materials and supplies inventory.	7,215	-	1,646	8,861
Prepaids.	13,348	-	290	13,638
Restricted:				
Debt service	-	1,213,053	-	1,213,053
Capital improvements	-	-	1,186,887	1,186,887
Classroom facilities maintenance	-	-	362,999	362,999
Food service operations	-	-	24,638	24,638
Other purposes.	-	-	17,212	17,212
Extracurricular	-	-	167,218	167,218
Assigned:				
Student instruction	7,472	-	-	7,472
Student and staff support.	38,605	-	-	38,605
Extracurricular activities	2,250	-	-	2,250
Subsequent year's appropriations	1,740,259	-	-	1,740,259
Unassigned (deficit)	5,862,308	-	(249)	5,862,059
Total fund balances	7,671,457	1,213,053	1,760,641	10,645,151
Total liabilities, deferred inflows and fund balances .	$ 15,841,133	$ 2,219,911	$ 2,250,469	$ 20,311,513

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2020

Total governmental fund balances		$ 10,645,151
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		44,073,827
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 810,724	
Income taxes receivable	189,145	
Accrued interest receivable	14,124	
Intergovernmental receivable	10,335	
Total		1,024,328
Unamortized premiums on bonds issued are not recognized in the funds.		(511,088)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(58,117)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/ outflows are not reported in governmental funds:		
Deferred outflows of resources - pension	3,329,279	
Deferred inflows of resources - pension	(748,404)	
Net pension liability	(15,888,174)	
Total		(13,307,299)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/ outflows are not reported in governmental funds:		
Deferred outflows of resources - OPEB	424,417	
Deferred inflows of resources - OPEB	(1,533,812)	
Net OPEB asset	940,989	
Net OPEB liability	(1,427,143)	
Total		(1,595,549)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(18,424,436)	
Energy conservation bonds	(249,672)	
Capital lease obligations	(82,884)	
Compensated absences	(896,823)	
Total		(19,653,815)
Net position of governmental activities		$ 20,617,438

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Property taxes	$ 3,423,590	$ 983,568	$ 224,546	$ 4,631,704
Income taxes.	2,420,501	-	-	2,420,501
Tuition.	1,665,979	-	-	1,665,979
Earnings on investments	262,678	-	11,871	274,549
Charges for services	-	-	182,331	182,331
Extracurricular.	5,027	-	274,511	279,538
Classroom materials and fees	54,412	-	-	54,412
Rental income	16,782	-	-	16,782
Contributions and donations	36,810	-	62,155	98,965
Contract services.	492,425	-	-	492,425
Other local revenues	10,582	-	3,590	14,172
Intergovernmental - intermediate	-	-	2,640	2,640
Intergovernmental - state	6,166,036	22,381	114,094	6,302,511
Intergovernmental - federal	73,355	-	516,154	589,509
Total revenues	14,628,177	1,005,949	1,391,892	17,026,018
Expenditures:				
Current:				
Instruction:				
Regular.	6,194,447	-	10,478	6,204,925
Special	2,095,374	-	365,113	2,460,487
Vocational	214,130	-	-	214,130
Other	418,144	-	-	418,144
Support services:				
Pupil	714,553	-	45,482	760,035
Instructional staff	414,133	-	21,096	435,229
Board of education	69,502	-	-	69,502
Administration	1,052,448	-	1,169	1,053,617
Fiscal	358,450	17,884	4,433	380,767
Operations and maintenance	939,907	-	74,986	1,014,893
Pupil transportation	454,697	-	115,660	570,357
Central	72,812	-	5,400	78,212
Operation of non-instructional services:				
Other operation of non-instructional.	476,092	-	-	476,092
Food service operations.	-	-	373,230	373,230
Extracurricular activities	535,206	-	315,841	851,047
Facilities acquisition and construction.	8,283	-	695,914	704,197
Debt service:				
Principal retirement.	84,064	35,952	32,050	152,066
Interest and fiscal charges	1,429	699,156	-	700,585
Accreted interest on capital appreciation bonds.	-	264,048	-	264,048
Total expenditures	14,103,671	1,017,040	2,060,852	17,181,563
Excess (deficiency) of revenues over (under) expenditures.	524,506	(11,091)	(668,960)	(155,545)
Other financing sources (uses):				
Transfers in.	-	-	110,000	110,000
Transfers (out)	(110,000)	-	-	(110,000)
Capital lease transaction	-	-	92,585	92,585
Total other financing sources (uses)	(110,000)	-	202,585	92,585
Net change in fund balances	414,506	(11,091)	(466,375)	(62,960)
Fund balances at beginning of year (restated).	7,256,951	1,224,144	2,227,016	10,708,111
Fund balances at end of year.	$ 7,671,457	$ 1,213,053	$ 1,760,641	$ 10,645,151

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds		$ (62,960)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:		
Capital asset additions	$ 881,963	
Current year depreciation	(873,293)	
Total		8,670
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Property taxes	628,810	
Income taxes	(1,239)	
Earnings on investments	14,124	
Intergovernmental	4,590	
Total		646,285
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Bonds	98,370	
Accreted interest on capital appreciation bonds	264,048	
Capital leases	53,696	
Total		416,114
Issuance of capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		(92,585)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
(Increase) in accrued interest payable	(58,117)	
Amortization of bond premiums	71,734	
Amortization of deferred charges	(20,102)	
Total		(6,485)
Contractually required pension contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amount as deferred outflows.		1,270,727
Except for amounts reported as deferred inflows/ outflows, changes in the net pension liability are reported as pension expense in the statement of activities		(2,636,209)
Contractually required OPEB contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amount as deferred outflows.		37,299
Except for amounts reported as deferred inflows/ outflows, changes the net OPEB liability are reported as an OPEB expense in the statement of activities		215,170
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		(231,400)
Change in net position of governmental activities		$ (435,374)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
From local sources:				
Property taxes	$ 3,223,935	$ 3,310,852	$ 3,890,297	$ 579,445
Income taxes	2,540,492	2,601,177	2,716,192	115,015
Tuition	1,477,779	1,515,000	1,665,979	150,979
Earnings on investments	96,706	100,000	147,442	47,442
Classroom materials and fees	44,834	46,050	54,413	8,363
Rental income	45,625	46,000	16,782	(29,218)
Contributions and donations	6,867	7,250	17,131	9,881
Contract services	464,441	470,000	248,811	(221,189)
Other local revenues	1,824	2,000	7,881	5,881
Intergovernmental - state	6,196,975	6,334,736	6,166,036	(168,700)
Intergovernmental - federal	88,361	90,000	73,355	(16,645)
Total revenues	14,187,839	14,523,065	15,004,319	481,254
Expenditures:				
Current:				
Instruction:				
Regular	6,359,512	6,352,262	6,157,359	194,903
Special	2,037,395	2,037,395	2,094,351	(56,956)
Vocational	235,305	235,305	223,257	12,048
Other	410,935	410,935	435,458	(24,523)
Support services:				
Pupil	806,108	806,108	715,178	90,930
Instructional staff	486,780	486,780	449,615	37,165
Board of education	99,619	99,619	69,704	29,915
Administration	1,067,332	1,067,332	1,036,485	30,847
Fiscal	388,833	388,833	387,420	1,413
Operations and maintenance	1,101,441	1,101,441	971,244	130,197
Pupil transportation	566,575	566,575	484,869	81,706
Central	87,918	87,918	76,733	11,185
Other operation of non-instructional services	474,720	474,720	472,968	1,752
Extracurricular activities	566,215	566,215	531,322	34,893
Facilities acquisition and construction	22,000	22,000	8,283	13,717
Debt service:				
Principal	62,418	62,418	62,418	-
Total expenditures	14,773,106	14,765,856	14,176,664	589,192
Excess (deficiency) of revenues over (under) expenditures	(585,267)	(242,791)	827,655	1,070,446
Other financing sources (uses):				
Transfers (out)	(110,000)	(110,000)	(110,000)	-
Sale of capital assets	500	500	-	(500)
Total other financing sources (uses)	(109,500)	(109,500)	(110,000)	(500)
Net change in fund balance	(694,767)	(352,291)	717,655	1,069,946
Fund balance at beginning of year	6,916,266	6,916,266	6,916,266	-
Prior year encumbrances appropriated	39,033	39,033	39,033	-
Fund balance at end of year	$ 6,260,532	$ 6,603,008	$ 7,672,954	$ 1,069,946

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

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

	Custodial
Additions:	
Collections for OSHAA	$ 17,657
Total additions	17,657
Deductions:	
Distributions to OSHAA	17,657
Total deductions	17,657
Change in net position	-
Net position at beginning of year (restated)	-
Net position at end of year	$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Liberty Center Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Liberty Center Local School District is a local school district as defined by §3311.22 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's four instructional/support facilities staffed by 53 non-certified and 89 certified full-time teaching personnel who provide services to 1,093 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units. The District is associated with organizations, which are defined as jointly governed organizations, a related organization and group purchasing pools.

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

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

JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Computer Association
The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, and Williams 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. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Total fees paid by the District to NWOCA during this fiscal year were $99,156. Financial information can be obtained from Tammy Butler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

Northern Buckeye Education Council
The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among various educational entities located in Defiance, Fulton, Henry, and Williams counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the four counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. To obtain financial information write to the Northern Buckeye Education Council, Tammy Butler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

Four County Career Center
The Four County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of five representatives from the Northwest Ohio Educational Service Center - one each from the counties of Defiance, Fulton, Henry, and Williams and one additional representative; one representative from each of the city school districts; one representative from each of the exempted village school districts. The Four County Career Center possesses its own budgeting and taxing authority. To obtain financial information write to the Four County Career Center, Connie Nicely, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

Northwestern Ohio Educational Research Council, Inc.
The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials and provide opportunities for training. The NOERC serves a twenty-five county area of Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., P.O. Box 456, Ashland, Ohio 44805.

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

GROUP PURCHASING POOLS

Employee Insurance Benefits Program - The District participates in a group health insurance pool through the Northern Buckeye Health Plan (NBHP), Northwest Division of Optimal Health Initiative Consortium (OHI) Insurance Benefits Program (the Pool). NBHP is a joint self-insurance arrangement created pursuant to the authority vested in Ohio Revised Code § 9.833. The Pool is a public entity shared risk pool consisting of educational entities throughout the State. The Pool is governed by OHI and its participating members. The District contributed a total of $1,754,709 to Northern Buckeye Health Plan, Northwest Division of OHI, during this fiscal year for all four plans. Financial information for the period can be obtained from Northern Buckeye Health Plan/OHI, Jenny Jostworth, Treasurer, at 10999 Reed Hartman Hwy., Suite 304E, Cincinnati, Ohio 45242.

Northern Buckeye Education Council's Workers' Compensation Group Rating Plan - The District participates in a group rating plan for workers' compensation as established under § 4123.29 of the Ohio Revised Code. The Northern Buckeye Health Plan's (NBHP) Workers' Compensation Group Rating Plan (WCGRP) was established through NBHP as a group purchasing pool. The group was formed to create a workers' compensation group rating plan which would allow employers to group together to achieve a potentially lower premium rate than they may otherwise be able to acquire as individual employers. NBHP has created a workers' compensation group rating and risk management program which will potentially reduce the workers' compensation premiums for the District.

NBHP has retained Sheakley UniService as the servicing agent to perform administrative, actuarial, cost control, claims, and safety consulting services and unemployment claims services for program participants. During this fiscal year, the District paid an enrollment fee of $212 to WCGRP to cover the costs of administering the program.

Schools of Ohio Risk Sharing Authority - The District participates in the Schools of Ohio Risk Sharing Authority (SORSA), which was established in 2002 pursuant to Articles of Incorporation filed under Chapter 1702 of the Ohio Revised Code - Non-Profit Corporations and functioning under authority granted by Section 2744.081 of the Ohio Revised Code. SORSA's purpose is to provide a joint self-insurance pool and to assist member school districts in preventing and reducing losses and injuries to property and persons, which might result in claims being made against members of SORSA, their employees or officers. The District paid $74,847 for these services to SORSA in fiscal year 2020.

A nine-person Board of Directors manages the business and affairs of SORSA and is elected annually by the members of the pool. The Board of Directors consists of superintendents, treasurers, or business managers from the participating school districts. SORSA employs an Executive Director and a Member Services Coordinator to administer the pool while claims are processed by Avizent. Financial information can be obtained from SORSA at 8050 North High Street, Suite 160, Columbus, Ohio 43235-6483 or by calling 866-767-7299.

RELATED ORGANIZATION

Liberty Center Public Library - The Liberty Center Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Liberty Center Local School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires, and fires personnel, and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Liberty Center Public Library, at 111 East Street, Liberty Center, Ohio 43532-0066.

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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 is available to the 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 used to account for property tax revenues to pay the principal and related interest on the school improvement bonds.

The other governmental funds of the District account for grants and other resources, and capital projects of the District whose uses are restricted to a particular purpose.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

C. Basis of Presentation

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

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

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

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

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

D. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) of total net position.

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

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

E. Basis of Accounting

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

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

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Notes 14 and 15 for deferred outflows of resources related the District's net pension liability and OPEB liability/asset.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Notes 14 and 15 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

F. Budgetary Process

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2020 is as follows:

1. The Treasurer submits an annual tax budget for the following fiscal year to the Board by January 15, for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the Council Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following year.

2. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate when the Board adopted the original appropriations. The amounts reported as the final budgeted amount in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2020.

3. By July 1, the annual appropriation resolution is legally enacted by the Board of Education. (State statute permits temporary appropriation to be effective until no later than October 1 of each year.)

   The Board adopted appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total expenditures and encumbrances may not exceed appropriations at the legal level of control. The legal level of control selected by the Board is at the fund level.

4. Any revisions that alter the total of any object appropriation for any fund must be approved by the Board of Education.

   The amounts reported as the original budget reflect the first appropriation for a fund covering the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation the Board passed during the year.

5. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the fund level, function and/or object level.

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On fund financial statements, encumbrances outstanding at year-end (not already recorded in accounts payable) are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on the government-wide financial statements.

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

G. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2020, investments were limited to STAR Ohio, federal agency securities commercial paper, negotiable certificates of deposit, STAR Ohio Plus, U.S. government money markets and nonnegotiable certificates of deposits. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

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

For the 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 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.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2020 amounted to $262,678, which included $59,684 from other District funds.

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

H. Inventory

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. Donated commodities are presented at their entitlement value. The cost of inventory items is recorded as an expenditure when purchased.

I. Capital Assets

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

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their acquisition cost. The District's capitalization threshold is five thousand dollars. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land and construction in progress, are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land improvements	5 - 30 years
Buildings	30 - 50 years
Building Improvement	10 - 40 years
Furniture, fixtures and equipment	5 - 20 years
Vehicles	5 - 15 years

J. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. On the fund financial statements, reported prepayments are equally offset by a nonspendable fund balance.

K. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences is attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method and is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service and all employees with at least 15 years of service regardless of their age were considered expected to become eligible in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources and are reported as obligations of the funds. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

M. Fund Balance

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

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” 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 classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the 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 classification are intended to be used by the 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 the Board of Education.

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

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

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

N. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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

O. Estimates

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

P. Interfund Transactions

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

Q. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

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

R. Unamortized Bond Premium

Bond premiums and discounts are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums and discounts are presented as an addition or reduction to the face amount of the bonds.

On fund financial statements and the government wide financial statements, issuance costs are expensed in the fiscal year they occur.

On the governmental fund financial statements, bond issuance costs, bond premiums and bond discounts are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 11.A.

S. Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

T. Extraordinary and Special Items

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the District.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Restatement of Net Position and Fund Balances

The implementation of GASB 84 had the following effect on fund balance as reported at June 30, 2019:

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Fund Balance as previously reported	$ 7,256,951	$ 1,224,144	$ 2,176,452	$ 10,657,547
GASB Statement No. 84	-	-	50,564	50,564
Restated Fund Balance, at June 30, 2019	$ 7,256,951	$ 1,224,144	$ 2,227,016	$ 10,708,111

The implementation of the GASB 84 pronouncement had the following effect on the net position as reported at June 30, 2019:

	Governmental Activities
Net position as previously reported	$ 21,002,248
GASB Statement No. 84	50,564
Restated net position at June 30, 2019	$ 21,052,812

Due to the implementation of GASB Statement No.84, the new classification of custodial funds is reporting a beginning net position of $0. Also, related to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. At June 30, 2019, agency funds reported assets and liabilities of $46,301. The District reclassified the fund previously reported as a private-purpose trust fund in the amount of $4,363 as a nonmajor governmental fund.

C. Deficit Fund Balances

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

Nonmajor funds	Deficit
Title I	$ 249

The general fund is liable for any deficit in this fund and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board 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 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 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 that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and to be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio or Ohio local governments;

5. 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 through eligible in institutions;

6. The State Treasurer's investment pool (STAR Ohio);

7. Commercial paper and bankers' acceptances if training requirements and Board approval have been met, for a period not to exceed 270 days and 180 days, respectively, from the purchase date in an amount not to exceed 40 percent of interim monies available for investment at any one time; and

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District and must be purchased with the expectation that it will be held to maturity.

B. Deposits with Financial Institutions

At June 30, 2020, the carrying amount of all District deposits was $4,453,069 and the bank balance of all District deposits was $4,513,773. Of the bank balance, $1,560,581 was covered by the FDIC, $2,453,192 was covered by the Ohio Pooled Collateral System (OPCS), and $500,000 was covered by securities pledged to the District.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of the State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market 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 market value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State.

B. Investments

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

		Investment Maturities				
Measurement/ Investment type	Measurement Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair Value:						
US Government Money Market	$ 309,130	$ 309,130	$ -	$ -	$ -	$ -
Commercial Paper	424,061	-	424,061	-	-	-
FFCB	264,245	-	-	-	-	264,245
Negotiable CD	4,434,867	605,254	357,456	834,388	910,040	1,727,729
Amortized Cost:						
STAR Ohio	1,029,405	1,029,405	-	-	-	-
Total	$ 6,461,708	$ 1,943,789	$ 781,517	$ 834,388	$ 910,040	$ 1,991,974

The weighted average maturity of investments is 1.46 years.

The District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs).

The District's investments in negotiable certificates of deposit, federal agency securities, and commercial paper are valued using quoted market prices that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interest Rate Risk - The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase.

Credit Risk - The District's investment in the federal agency securities and U.S. Government obligations were rated AA+ and Aaa by Standard and Poor's and Moody's Investor Services, respectively. STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

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

Measurement/ Investment type	Measurement Value	% of Total
Fair Value:		
US Government Money Market	$ 309,130	4.78
Commercial Paper	424,061	6.56
FFCB	264,245	4.09
Negotiable CD	4,434,867	68.64
Amortized Cost:		
STAR Ohio	1,029,405	15.93
Total	$ 6,461,708	100.00

D. Reconciliation of Cash and Investments to the Statement of Net Position

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

Cash and investments per note	
Carrying amount of deposits	$ 4,453,069
Investments	6,461,708
Total	$ 10,914,777
Cash and investments per statement of net position	
Governmental activities	$ 10,914,777

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2020 consisted of the following, as reported on the fund financial statements:

Transfers from the general fund to:	Amount
Nonmajor governmental funds	$ 110,000

Transfers are used to (1) 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 (2) 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 for reporting in the statement of activities. All transfers during fiscal year 2020 were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis, while the District's fiscal year runs from July through June. First-half tax distributions are received by the 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, public utility, and tangible personal (used in business) property located in the District. Real and public utility property tax revenues received in calendar year 2020 represent the collection of calendar year 2019 taxes. Real property taxes for 2020 were levied after April 1, 2019, on the assessed values as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market 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 real and tangible personal property taxes for 2020 were levied after April 1, 2019, on the assessed values as of December 31, 2018, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The District receives property taxes from Henry and Fulton counties. The County Auditors periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County 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.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2020 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2020 operations. For the governmental fund financial statements, the receivable is therefore offset by a credit to deferred inflow for that portion not intended to finance current year operations.

The amount available as an advance was recognized as revenue.

NOTE 6 - PROPERTY TAXES - (Continued)

The amount available as an advance at June 30, 2020 was $704,268 in the general fund, $136,405 in the bond retirement fund, $8,976 in the classroom facilities maintenance fund and $23,093 in the permanent improvement fund. The amount available as an advance at June 30, 2019 was $1,170,974 in the general fund, $300,065 in the bond retirement fund, and $74,868 in the Permanent Improvement Fund.

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

	2019 Second Half Collections		2020 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 135,155,820	86.99	$ 136,182,160	78.75
Public utility personal	20,214,750	13.01	36,741,560	21.25
Total	$ 155,370,570	100.00	$ 172,923,720	100.00
Tax rate per $1,000 of assessed valuation	$50.00		$48.90	

NOTE 7 - INCOME TAX

In 1995, the voters of the Liberty Center Local School District passed a 1 percent school income tax on wages earned by residents of the District. The taxes are collected by the State Department of Taxation in the same manner as the state income tax. In the fiscal year ending June 30, 2020, the District recorded income tax revenue of $2,420,501 in the general fund, of which $849,712 is recorded as a receivable at June 30, 2020.

In May 2006, the voters approved an additional .75 percent income tax for general operations. The levy was effective January 1, 2007 and is applicable for a continuing period of time.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2020 consisted of property taxes, income taxes, accounts, payments in lieu of taxes, intergovernmental and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds.

A summary of the principal items of receivables reported on the statement of net position follows:

	Governmental activities
Property taxes	$ 8,228,896
Income taxes	849,712
Intergovernmental	16,206
Accrued interest	18,173
Accounts	247,460
Payments in lieu of taxes	5,441
Total	$ 9,365,888

NOTE 8 - RECEIVABLES - (Continued)

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance 06/30/19	Additions	Deductions	Balance 06/30/20
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 1,335,207	$ -	$ -	$ 1,335,207
Construction in progress	-	574,604	-	574,604
Total capital assets, not being depreciated	1,335,207	574,604	-	1,909,811
Capital assets, being depreciated:				
Land improvements	570,127	-	-	570,127
Buildings and improvements	49,669,001	-	-	49,669,001
Permanent fixtures	588,708	-	-	588,708
Equipment	501,210	171,082	-	672,292
Computers	101,762	-	-	101,762
Musical instruments	11,401	11,594	-	22,995
Vehicles	1,259,239	124,683	-	1,383,922
Total capital assets, being depreciated	52,701,448	307,359	-	53,008,807
Less: accumulated depreciation:				
Land improvements	(355,983)	(18,158)	-	(374,141)
Buildings and improvements	(8,151,590)	(476,513)	-	(8,628,103)
Permanent fixtures	(520,885)	(3,783)	-	(524,668)
Equipment	(95,284)	(205,363)	(80,775)	(381,422)
Computers	(91,971)	(9,791)	-	(101,762)
Musical instruments	(92,175)	(580)	80,775	(11,980)
Vehicles	(663,610)	(159,105)	-	(822,715)
Total accumulated depreciation	(9,971,498)	(873,293)	-	(10,844,791)
Governmental activities capital assets, net	$ 44,065,157	$ 8,670	$ -	$ 44,073,827

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NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 278,486
Special	58,088
Vocational	25,063
Support services:	
Pupil	16,665
Instructional staff	20,535
Administration	24,956
Fiscal	19,216
Operations and maintenance of plant	50,643
Pupil transportation	159,105
Central	1,328
Non-instructional services	30,799
Extracurricular	188,409
Total depreciation expense	$ 873,293

NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE

The District has entered into capitalized leases for the acquisition of two buses.

The terms of the agreement provide an option to purchase the buses. The lease meets the criteria of a capital lease which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. These expenditures are reflected as program/function expenditures on the accompanying financial statements.

Capital assets acquired by the leases have been capitalized in an amount equal to the present value of the future minimum lease payments as of the date of their inception. The Districted entered into a new capital lease during fiscal year 2020 in the amount of $92,585. Principal payments in the 2020 fiscal year for both leases totaled $53,696.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2020:

Fiscal Year Ending June 30,	Amount
2021	$ 55,125
2022	32,050
Total Minimum lease payments	87,175
Less: amount representing interest	(4,291)
Total	$ 82,884

NOTE 11 - LONG-TERM OBLIGATIONS

A. During fiscal year 2020, the following changes occurred in the governmental activities long-term obligations:

	Balance 06/30/19	Additions	Reductions	Balance 06/30/20	Amounts Due in One Year
Series 2014 Bonds					
General obligation bonds	$ 18,305,000	$ -	$ -	$ 18,305,000	$ 175,000
Capital appreciation bonds	45,910	-	(35,952)	9,958	9,958
Accreted interest on CABs	373,526	-	(264,048)	109,478	109,478
Energy Conservation Improvement Bonds, Series 2009	312,090	-	(62,418)	249,672	62,418
Capital leases	43,995	92,585	(53,696)	82,884	52,038
Net pension liability	15,455,440	432,734	-	15,888,174	-
Net OPEB liability	1,532,532	-	(105,389)	1,427,143	-
Compensated absences	747,074	253,188	(101,132)	899,130	55,391
Total governmental activities long-term liabilities	$ 36,815,567	$ 778,507	$ (622,635)	36,971,439	$ 464,283
Add: unamortized bond premiums				511,088	
Total on statement of net position				$ 37,482,527	

Compensated Absences: Compensated absences will be paid from the fund from which the employee's salaries are paid, which for the District, is primarily the General Fund and Food Service Fund (a nonmajor governmental fund).

Capital lease obligation: See Note 10 for detail.

Net Pension Liability: See Note 14 for detail. The District pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability/Asset: See Note 15 for detail. The District pays obligations related to employee compensation from the fund benefitting from their service.

B. Ohio School Facilities Commission Project Bonds, Series 2014

The bonds were used for the purpose of constructing, adding to, and renovating and improving school facilities under the State of Ohio Classroom Facilities Assistance Program and locally funded initiatives, furnishing and equipping the same, and improving the sites thereof. These bonds were issued on August 21, 2014. The bonds consisted of $2,705,000 in serial bonds; $16,330,000 in term bonds $100,000 in capital appreciation bonds.

Proceeds from the outstanding bonds were used for the purpose of refunding general obligation bonds, dated March 1, 1994, which were issued for the purpose of financing school permanent improvements. The bonds were issued on September 1, 2003. The bonds consisted of $2,985,000 in Current Interest bonds and $139,998 in Capital Appreciation bonds. In fiscal year 2015, these bonds were retired with the 2014 refunding bond proceeds.

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The serial bonds shall bear interest at the rates per year and will mature in the principal amounts and on the following dates:

Maturity Date (November 1)	Principal Amount	Interest Rate
2021	$ 175,000	2.00%
2022	300,000	2.50%
2023	300,000	3.00%
2024	300,000	3.00%
2025	300,000	3.00%
2026	300,000	3.00%
2027	300,000	3.00%

The interest payment dates for the bonds shall be May 1 and November 1, commencing on May 1, 2015. The serial bonds shall be those bonds scheduled to mature on November 1, 2015 through 2026.

The capital appreciation bonds outstanding mature on November 1, 2020 and, have the original principal amounts and mature with the accreted value at maturity, as follows:

Maturity Date (November 1)	Original Principal Amount	Accreted Value at Maturity
2020	$ 9,958	$ 125,000

Capital Appreciation Bonds are not subject to redemption prior to maturity.

The term bonds which mature on November 1, 2028, have an interest rate of 3 percent per year, and are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date, on November 1 of the years shown in, and according to, the following schedule:

Year	Principal Amount to be Redeemed
November 1, 2027	$ 360,000
November 1, 2028	360,000

The term bonds which mature on November 1, 2030, have an interest rate of 3.375 percent per year, and are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date, on November 1 of the years shown in, and according to, the following schedule:

Year	Amount to be Redeemed
November 1, 2029	$ 360,000
November 1, 2030	415,000

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The term bonds which mature on November 1, 2034, have an interest rate of 3.625 percent per year, and are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date, on November 1 of the years shown in, and according to, the following schedule:

Year	Principal Amount to be Redeemed
November 1, 2031	$ 415,000
November 1, 2032	425,000
November 1, 2033	475,000
November 1, 2034	485,000

The term bonds which mature on November 1, 2039, have an interest rate of 4 percent per year, and are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date, on November 1 of the years shown in, and according to, the following schedule:

Year	Principal Amount to be Redeemed
November 1, 2035	$ 490,000
November 1, 2036	550,000
November 1, 2037	560,000
November 1, 2038	575,000
November 1, 2039	360,000

The term bonds which mature on November 1, 2044, have an interest rate of 4 percent per year, and are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date, on November 1 of the years shown in, and according to, the following schedule:

Year	Principal Amount to be Redeemed
November 1, 2039	$ 275,000
November 1, 2040	650,000
November 1, 2041	665,000
November 1, 2042	735,000
November 1, 2043	750,000
November 1, 2044	425,000

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

The term bonds which mature on November 1, 2051, have an interest rate of 4.125 percent per year, and are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date, on November 1 of the years shown in, and according to, the following schedule:

Year	Principal Amount to be Redeemed
November 1, 2044	$ 345,000
November 1, 2045	840,000
November 1, 2046	860,000
November 1, 2047	885,000
November 1, 2048	965,000
November 1, 2049	990,000
November 1, 2050	1,015,000
November 1, 2051	1,100,000

Total expenditures for interest for the above debt for the period ended June 30, 2020 was $964,633, including $264,048 of accreted interest on capital appreciation bonds.

C. Energy Conservation Bonds

The Energy Conservation Bonds were issued in July 2009 for $936,270. The interest rate on the notes is 0 percent. The final maturity of this issuance is December 1, 2023.

D. Principal and Interest Outstanding

The scheduled payments of principal and interest on debt outstanding at June 30, 2020 are as follows:

Year ending June 30,	Principal	Interest	Total
2021	$ 247,376	$ 812,448	$ 1,059,824
2022	362,418	691,906	1,054,324
2023	362,418	683,656	1,046,074
2024	362,418	674,656	1,037,074
2025	300,000	665,656	965,656
2026 - 2030	1,680,000	3,184,506	4,864,506
2031 - 2035	2,215,000	2,858,216	5,073,216
2036 - 2040	2,810,000	2,382,350	5,192,350
2041 - 2045	3,570,000	1,744,534	5,314,534
2046 - 2050	4,540,000	921,112	5,461,112
2051 - 2052	2,115,000	88,997	2,203,997
Total	$ 18,564,630	$ 14,708,037	$ 33,272,667

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

E. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2020, are a voted debt margin of ($1,543,767) (including available funds of $1,213,053); however, the District exceeded its overall unvoted debt margin by 76,804. Ohio Rev. Code Section 133.06(G)(3)(c) allows a school district to issue securities in excess of the legal debt margin for the purpose of participating in the HB 264 School Energy Conservation Financing program.

NOTE 12 - COMPENSATED ABSENCES

Employees earn vacation at rates specified under State of Ohio law, negotiated agreements, and board policy, and based on credited service. Clerical, Technical, and Maintenance and Operation employees with one or more years of service are entitled to vacation ranging from 10 to 20 days. Employees with less than one year of service earn no vacation. Twelve-month Administrative employees are entitled to vacation based on board policy and individual contracts. Certain employees are permitted to carry over vacation leave if approved by the Superintendent.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rata basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to one-fourth of the accumulated sick leave to a maximum of 60 days for non-union employees, 55 days for certified and 60 days for classified union employees.

NOTE 13 - RISK MANAGEMENT

A. Schools of Ohio Risk Sharing Authority

The 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. The District participates in the Schools of Ohio Risk Sharing Authority, Inc. for insurance coverage. Coverages provided are as follows:

Property Insurance	$54,238,351
Equipment Breakdown	250,000
Crime Coverage	1,000,000
General Liability:	
Per Occurrence	15,000,000
Total Per Year	17,000,000
Educators' Legal Liability - Wrongful Acts	15,000,000
Automobile Liability	15,000,000

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 last year.

NOTE 13 - RISK MANAGEMENT - (Continued)

B. Employee Insurance Benefits Program

The District participates in the Northern Buckeye Health Plan (NBHP), Northwest Division of OHI, a self- insurance pool, for insurance benefits to employees. The District pays monthly premiums to NBHP for the benefits offered to its employees, which includes health, dental, and life insurance. NBHP is responsible for the management and operations of the program. The agreement with NBHP provides for additional assessment to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from NBHP, a participant is responsible for any claims not processed and paid and any related administrative costs.

C. Workers' Compensation Group Program

The District participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 17). The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

NOTE 14 - DEFINED PENSION BENEFIT PLANS

Net Pension Liability

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

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

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

NOTE 14 - 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.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in pension and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

Plan Description - District Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The District's contractually required contribution to SERS was $265,460 for fiscal year 2020.

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 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 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 District's contractually required contribution to STRS was $1,005,267 for fiscal year 2020. Of this amount, $159,956 is reported as pension and postemployment benefits payable.

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

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

Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.05432182%	0.05614184%	
Proportion of the net pension liability current measurement date	0.05555460%	0.05681477%	
Change in proportionate share	0.00123278%	0.00067293%	
Proportionate share of the net pension liability	$ 3,323,929	$ 12,564,245	$ 15,888,174
Pension expense	$ 574,388	$ 2,061,821	$ 2,636,209

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 84,288	$ 102,296	$ 186,584
Changes of assumptions	-	1,475,912	1,475,912
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	35,690	360,366	396,056
Contributions subsequent to the measurement date	265,460	1,005,267	1,270,727
Total deferred outflows of resources	$ 385,438	$ 2,943,841	$ 3,329,279

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 54,388	$ 54,388
Net difference between projected and actual earnings on pension plan investments	42,667	614,071	656,738
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	4,475	32,803	37,278
Total deferred inflows of resources	$ 47,142	$ 701,262	$ 748,404

$1,270,727 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$ 120,077	$ 928,508	$ 1,048,585
2022	(68,598)	221,292	152,694
2023	(2,839)	1,915	(924)
2024	24,196	85,597	109,793
Total	$ 72,836	$ 1,237,312	$ 1,310,148

Actuarial Assumptions - SERS

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investments expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2019, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

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

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate **-** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 4,658,013	$ 3,323,929	$ 2,205,133

Actuarial Assumptions - STRS

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

	July 1, 2019
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District 's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the District 's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 18,361,244	$ 12,564,245	$ 7,656,788

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

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

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

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

The proportionate share of each plan's unfunded/funded benefits is presented as a long-term *net OPEB liability* or *net OPEB asset* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in pension and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

Plan Description - District Employees Retirement System (SERS)

Health Care Plan Description - The GDA 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.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was $19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the District's surcharge obligation was $37,299.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was $37,299 for fiscal year 2020. Of this amount, $215,169 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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 District 's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.05524088%	0.05614184%	
Proportion of the net OPEB liability/asset current measurement date	0.05675000%	0.05681477%	
Change in proportionate share	0.00150912%	0.00067293%	
Proportionate share of the net OPEB liability	$ 1,427,143	$ -	$ 1,427,143
Proportionate share of the net OPEB asset	$ -	$ (940,989)	$ (940,989)
OPEB expense	$ 57,558	$ (272,728)	$ (215,170)

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 20,950	$ 85,308	$ 106,258
Net difference between projected and actual earnings on OPEB plan investments	3,424	-	3,424
Changes of assumptions	104,237	19,779	124,016
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	72,135	81,285	153,420
Contributions subsequent to the measurement date	37,299	-	37,299
Total deferred outflows of resources	$ 238,045	$ 186,372	$ 424,417

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 313,534	$ 47,875	$ 361,409
Net difference between projected and actual earnings on OPEB plan investments	-	59,100	59,100
Changes of assumptions	79,973	1,031,686	1,111,659
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	1,644	1,644
Total deferred inflows of resources	$ 393,507	$ 1,140,305	$ 1,533,812

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

$37,299 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	$ (65,599)	$ (210,100)	$ (275,699)
2022	(27,752)	(210,099)	(237,851)
2023	(26,751)	(186,413)	(213,164)
2024	(26,911)	(178,105)	(205,016)
2025	(30,402)	(172,561)	(202,963)
Thereafter	(15,346)	3,345	(12,001)
Total	$ (192,761)	$ (953,933)	$ (1,146,694)

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.

NOTE 15 - 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.

NOTE 15 - 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 District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 1,732,281	$ 1,427,143	$ 1,184,523

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 1,143,431	$ 1,427,143	$ 1,803,561

NOTE 15 - 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	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discounted rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.87%	4.00%	6.00%	4.00%
Medicare	4.93%	4.00%	5.00%	4.00%
Prescription Drug				
Pre-Medicare	7.73%	4.00%	8.00%	4.00%
Medicare	9.62%	4.00%	-5.23%	4.00%

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

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

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

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2019.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 802,947	$ 940,989	$ 1,057,050

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 1,067,038	$ 940,989	$ 786,609

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

(d) Investments are reported at fair value (GAAP basis) as opposed to cost (budget basis); and,

(e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	General fund
Budget basis	$ 717,655
Net adjustment for revenue accruals	(406,458)
Net adjustment for expenditure accruals	69,826
Net adjustment for other sources/uses	-
Funds budgeted elsewhere	(425)
Adjustment for encumbrances	33,908
GAAP basis	$ 414,506

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the special trust fund, uniform school supplies fund, adult education fund, the public school support fund, and the unclaimed monies fund.

NOTE 17 - CONTINGENCIES

A. Federal and State Grants

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

B. Litigation

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

C. Foundation funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional 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.

The District's September 18 and November 27, 2020 foundation settlement receipts included the FTE adjustments for fiscal year 2020. The September 18, 2020 adjustment was an increase of $1,258 and the November 27, 2020 adjustment was an increase of $5,091. Neither of these are material to the financial statements and are not included in the financial statements as of June 30, 2020.

NOTE 18 - SET-ASIDE CALCULATIONS

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

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

	Capital Improvements
Set-aside balance June 30, 2019	$ -
Current year set-aside requirement	190,575
Current year offsets	(215,009)
Total	$ (24,434)
Balance carried forward to fiscal year 2021	$ -
Set-aside balance June 30, 2020	$ -

The District had current year offsets during the fiscal year that reduced the capital improvements set-aside amount below zero. However, this amount may not be used to reduce the set-aside requirements of future years.

NOTE 19 - OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General	$ 24,411
Nonmajor governmental	610,628
Total	$ 635,039

NOTE 20 - COVID-19

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

NOTE 21 - SIGNIFICANT SUBSEQUENT EVENT

On July 21, 2020, the District issued $17,824,475 in general obligation refunding bonds. The issuance consists of $17,100,000 of current interest bonds and $724,475 in capital appreciation bonds. The capital appreciation bonds mature between December 1, 2020 and December 1, 2025 with a compounding interest rate of 45.00%. The current interest bonds have interest rates ranging from 1.27% to 3.205% with a final maturity date of December 1, 2051. The bond proceeds were used to refund the series 2014 classroom facilities refunding bonds.

REQUIRED SUPPLEMENTARY INFORMATION

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SEVEN FISCAL YEARS

	2020	2019	2018	2017
District's proportion of the net pension liability	0.05555460%	0.05432182%	0.05273271%	0.05290717%
District's proportionate share of the net pension liability	$ 3,323,929	$ 3,111,110	$ 3,150,662	$ 3,872,319
District's covered payroll	$ 1,604,059	$ 1,833,467	$ 1,680,250	$ 1,624,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	207.22%	169.68%	187.51%	238.44%
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.36%	69.50%	62.98%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2016	2015	2014
0.05355787%	0.05052379%	0.08544700%
$ 3,056,066	$ 2,556,991	$ 5,081,259
$ 1,712,686	$ 1,809,618	$ 1,738,866
178.44%	141.30%	292.22%
69.16%	71.70%	65.52%

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SEVEN FISCAL YEARS

	2020	2019	2018	2017
District's proportion of the net pension liability	0.05681477%	0.05614184%	0.05353513%	0.05366880%
District's proportionate share of the net pension liability	$ 12,564,245	$ 12,344,330	$ 12,717,385	$ 17,930,449
District's covered payroll	$ 6,388,864	$ 5,885,529	$ 5,412,671	$ 5,890,650
District's proportionate share of the net pension liability as a percentage of its covered payroll	196.66%	209.74%	234.96%	304.39%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	77.31%	75.30%	66.80%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2016		2015		2014
	0.05221670%		0.05067302%		0.08244441%
$	14,431,169	$	12,325,432	$	23,887,397
$	5,567,171	$	5,597,008	$	5,154,585
	259.22%		220.21%		463.42%
	72.10%		74.70%		69.30%

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	2020	**2019**	**2018**	**2017**
Contractually required contribution	$ 265,460	$ 216,548	$ 247,518	$ 235,235
Contributions in relation to the contractually required contribution	(265,460)	(216,548)	(247,518)	(235,235)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 1,896,143	$ 1,604,059	$ 1,833,467	$ 1,680,250
Contributions as a percentage of covered payroll	14.00%	13.50%	13.50%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2016		2015		2014		2013		2012		2011	
$	227,360	$	225,732	$	250,813	$	240,659	$	157,341	$	192,160
	(227,360)		(225,732)		(250,813)		(240,659)		(157,341)		(192,160)
$	-	$	-	$	-	$	-	$	-	$	-
$	1,624,000	$	1,712,686	$	1,809,618	$	1,738,866	$	1,169,822	$	1,528,719
	14.00%		13.18%		13.86%		13.84%		13.45%		12.57%

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	2020	2019	2018	2017
Contractually required contribution	$ 1,005,267	$ 894,441	$ 823,974	$ 757,774
Contributions in relation to the contractually required contribution	(1,005,267)	(894,441)	(823,974)	(757,774)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 7,180,479	$ 6,388,864	$ 5,885,529	$ 5,412,671
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2016		2015		2014		2013		2012		2011	
$	824,691	$	779,404	$	727,611	$	670,096	$	611,912	$	628,767
	(824,691)		(779,404)		(727,611)		(670,096)		(611,912)		(628,767)
$	-	$	-	$	-	$	-	$	-	$	-
$	5,890,650	$	5,567,171	$	5,597,008	$	5,154,585	$	4,707,015	$	4,836,669
	14.00%		14.00%		13.00%		13.00%		13.00%		13.00%

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FOUR FISCAL YEARS

	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.05675000%	0.05524088%	0.05345232%	0.05290717%
District's proportionate share of the net OPEB liability	$ 1,427,143	$ 1,532,532	$ 1,434,519	$ 1,523,588
District's covered payroll	$ 1,604,059	$ 1,833,467	$ 1,680,250	$ 1,624,000
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	88.97%	83.59%	85.38%	93.82%
Plan fiduciary net position as a percentage of the total OPEB liability	15.57%	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FOUR FISCAL YEARS

	2020	2019	2018	2017
District's proportion of the net OPEB liability/asset	0.05681477%	0.05614184%	0.05353513%	0.05356688%
District's proportionate share of the net OPEB liability/(asset)	$ (940,989)	$ (902,142)	$ 2,088,743	$ 2,863,073
District's covered payroll	$ 6,388,864	$ 5,885,529	$ 5,412,671	$ 5,890,650
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	-14.73%	-15.33%	38.59%	48.60%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.70%	176.00%	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	2020	2019	2018	2017
Contractually required contribution	$ 37,299	$ 33,783	$ 26,201	$ -
Contributions in relation to the contractually required contribution	(37,299)	(33,783)	(26,201)	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 1,896,143	$ 1,604,059	$ 1,833,467	$ 1,680,250
Contributions as a percentage of covered payroll	1.97%	2.11%	1.43%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2016	2015	2014	2013	2012	2011
$ -	$ 38,696	$ 26,554	$ 26,814	$ 6,814	$ 41,917
-	(38,696)	(26,554)	(26,814)	(6,814)	(41,917)
$ -	$ -	$ -	$ -	$ -	$ -
$ 1,624,000	$ 1,712,686	$ 1,809,618	$ 1,738,866	$ 1,169,822	$ 1,528,719
0.00%	2.26%	1.47%	1.54%	0.58%	2.74%

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	2020	2019	2018	2017
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 7,180,479	$ 6,388,864	$ 5,885,529	$ 5,412,671
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2016		2015		2014		2013		2012		2011	
$	-	$	-	$	55,970	$	51,546	$	47,070	$	48,367
	-		-		(55,970)		(51,546)		(47,070)		(48,367)
$	-	$	-	$	-	$	-	$	-	$	-
$	5,890,650	$	5,567,171	$	5,597,008	$	5,154,585	$	4,707,015	$	4,836,669
	0.00%		0.00%		1.00%		1.00%		1.00%		1.00%

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2020.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.

(Continued)

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: 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, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increase the subsidy percentage from 1.944% to 1.984% 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.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

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OHIO AUDITOR OF STATE
KEITH FABER

One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

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

Liberty Center Local School District
Henry County
100 Tiger Trail
Liberty Center, Ohio 43532-0434

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty Center Local School District, Henry County, Ohio (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 4, 2021 wherein we noted the District implemented Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities.* We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

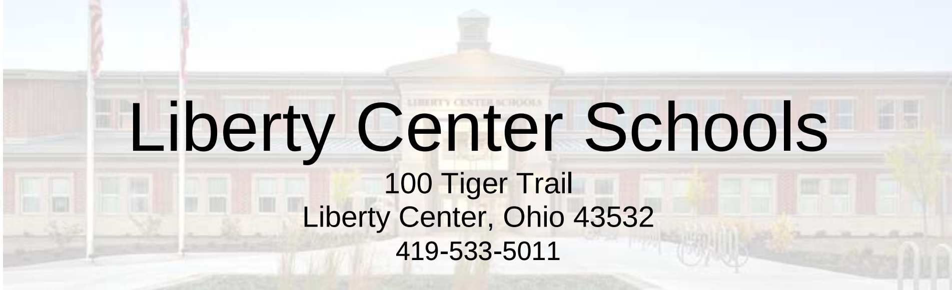
Keith Faber
Auditor of State
Columbus, Ohio

March 4, 2021

Mr. Larry Black
High School Principal

Mr. Nicholas Mariano II
Middle School Principal

Ms. Allison Postl
Elementary Principal



Liberty Center Schools

100 Tiger Trail
Liberty Center, Ohio 43532
419-533-5011

Board of Education
Mr. Jeff Benson
Mr. Neal Carter
Mr. Todd Spangler
Mr. John Weaver
Mrs. Andrea Zacharias

Mr. Richard A. Peters
Superintendent

Mrs. Jenell M. Buenger
Treasurer/CFO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Finding was first issued in 2018. Material weakness over financial reporting due to material audit adjustments.	Partially corrected and repeated in the Management Letter.	This finding reoccurred due to inadequate policies and procedures in reviewing the financial statements and accounting records throughout the audit period. The District is implementing procedures to correct these errors for the future.
2019-002	Noncompliance with Ohio Rev. Code § 5705.39 due to appropriations exceeding estimated resources	Fully corrected.	

The mission of the Liberty Center Local Schools, a growing rural district, at the center of a supportive community, is to provide all individuals the framework to obtain knowledge, skills, and attitudes to become thinking, productive citizens in a competitive changing world. This is accomplished by providing a safe, technologically-rich learning environment where high expectations integrate home, student, school, and community.

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OHIO AUDITOR OF STATE
KEITH FABER

LIBERTY CENTER LOCAL SCHOOL DISTRICT

HENRY 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 3/23/2021

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