OHIO AUDITOR OF STATE
KEITH FABER

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY

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LORAIN COUNTY

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Amherst Exempted Village School District
Lorain County
550 Milan Avenue
Amherst, Ohio 44001

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Amherst Exempted Village School District, Lorain County, Ohio (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Amherst Exempted Village School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows 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 Matter

As discussed in Note 3 to the financial statements, during 2021, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, which resulted in a restatement to the financial statements as of July 1, 2020. Additionally, as discussed in Note 23 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.

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

May 5, 2022

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

Financial Highlights

Key financial highlights for 2021 are as follows:

- Net position for governmental activities decreased $6,646,382, which represents a 60 percent decrease from restated 2020 net position.

- Net position for business-type activities increased $2,764, which represents a 5 percent increase from 2020.

- Capital assets decreased $1.9 million during fiscal year 2021.

- During the year, outstanding debt increased from $24.9 million to $28.4 million.

Using this Comprehensive Annual Financial Report

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 Amherst Exempted Village School District as a whole entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Amherst Exempted Village School District, the general fund and building fund are the most significant funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non-instructional services, i.e., food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Fund The School District maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The School District uses an enterprise fund to account for its activity for the before and after school program.

Reporting the School District's Fiduciary Responsibilities

The School District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in a custodial fund. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net position for 2021 compared to 2020:

Table 1
Net Position

	Governmental Activities			Business-Type Activities		
	2021	2020	Change	2021	2020	Change
Assets		Restated				
Current & Other Assets	$ 49,290,665	$ 45,778,674	$ 3,511,991	$ 209,484	$ 222,119	$ (12,635)
Net OPEB Asset	2,420,760	2,315,789	104,971	-	463	(463)
Capital Assets	55,317,871	57,195,238	(1,877,367)	-	-	-
Total Assets	107,029,296	105,289,701	1,739,595	209,484	222,582	(13,098)
Deferred Outflows of Resources						
Deferred Charges	60,673	70,784	(10,111)	-	-	-
Pension & OPEB	9,013,219	8,338,089	675,130	24,048	24,027	21
Total Deferred Outflows of Resources	9,073,892	8,408,873	665,019	24,048	24,027	21
Liabilities						
Current & Other Liabilities	5,647,614	5,190,851	456,763	701	-	701
Long-Term Liabilities:						
Due Within One Year	2,252,012	2,873,260	(621,248)	-	-	-
Due In More Than One Year:						
Pension & OPEB	47,846,024	44,523,134	3,322,890	146,647	174,183	(27,536)
Other Amounts	30,711,503	25,740,089	4,971,414	-	-	-
Total Liabilities	86,457,153	78,327,334	8,129,819	147,348	174,183	(26,835)
Deferred Inflows of Resources						
Property Taxes	18,799,261	16,676,059	2,123,202	-	-	-
Payments in Lieu of Taxes	50,268	78,602	(28,334)	-	-	-
Pension & OPEB	6,320,410	7,494,101	(1,173,691)	30,003	19,009	10,994
Total Deferred Inflows of Resources	25,169,939	24,248,762	921,177	30,003	19,009	10,994
Net Position						
Net Investment in Capital Assets	26,176,310	31,680,670	(5,504,360)	-	-	-
Restricted	4,929,182	3,998,221	930,961	-	-	-
Unrestricted	(26,629,396)	(24,556,413)	(2,072,983)	56,181	53,417	2,764
Total Net Position	$ 4,476,096	$ 11,122,478	$ (6,646,382)	$ 56,181	$ 53,417	$ 2,764

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2021, and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, the School District also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School 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 and the net OPEB asset.

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/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 asset/liability to equal the School 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 School District is not responsible for certain key factors affecting the balance of these assets/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. For STRS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset for fiscal year 2021 that is allocated to each school based on its proportionate share. 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 reported by the retirement boards. 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 School 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 net OPEB asset/liability, respectively, not accounted for as deferred inflows/outflows.

At fiscal year-end, capital assets represented 52 percent of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets was $26.2 million at June 30, 2021. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, $4.9 million, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position is a deficit of $26.6 million, which is primarily the result of GASB 68 and GASB 75.

During the fiscal year, the School District completed and capitalized their ongoing Ohio Facilities Construction Commission (OFCC) building project.

Other long-term liabilities increased as a result of the issuance of the Library Improvement Bonds during fiscal year 2021.

There was a significant change in net pension/OPEB liability/asset for the School District. These fluctuations are due to changes in the actuarial liabilities/assets and related accruals that are passed through to the School District's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL/NOA and are described in more detail in their respective notes.

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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 2021 and 2020.

Table 2
Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2021	2020	Change	2021	2020	Change
Revenues						
Program Revenues						
Charges for Services	$ 1,828,913	$ 2,433,182	$ (604,269)	$ 60,769	$ 109,958	$ (49,189)
Operating Grants	6,414,625	2,259,468	4,155,157	-	-	-
Capital Grants	-	764,645	(764,645)	-	-	-
Total Program Revenues	8,243,538	5,457,295	2,786,243	60,769	109,958	(49,189)
General Revenues						
Property Taxes	19,816,991	21,231,845	(1,414,854)	-	-	-
Grants & Entitlements	16,017,301	16,871,925	(854,624)	-	-	-
Payments in Lieu of Taxes	101,718	81,485	20,233	-	-	-
Miscellaneous	1,053,784	1,738,610	(684,826)	-	-	-
Total General Revenues	36,989,794	39,923,865	(2,934,071)	-	-	-
Total Revenues	45,233,332	45,381,160	(147,828)	60,769	109,958	(49,189)
Program Expenses						
Instruction:						
Regular	23,931,556	20,002,031	3,929,525	-	-	-
Special	5,248,083	5,120,162	127,921	-	-	-
Vocational	210,798	171,916	38,882	-	-	-
Support Services:						
Pupils	2,921,638	2,014,641	906,997	-	-	-
Instructional Staff	871,189	1,971,564	(1,100,375)	-	-	-
Board of Education	18,141	22,319	(4,178)	-	-	-
Administration	2,835,364	2,853,140	(17,776)	-	-	-
Fiscal	930,686	958,318	(27,632)	-	-	-
Operation and Maintenance of Plant	4,099,091	4,410,176	(311,085)	-	-	-
Pupil Transportation	2,083,463	1,601,142	482,321	-	-	-
Central	69,693	129,606	(59,913)	-	-	-
Operation of Non-Instructional/Shared Services	1,595,609	1,440,772	154,837	-	-	-
Extracurricular Activities	1,180,659	1,052,555	128,104	-	-	-
Interest and Fiscal Charges	883,744	819,902	63,842	-	-	-
Intergovernmental	5,000,000	-	5,000,000	-	-	-
Special Enterprise	-	-	-	58,005	88,130	(30,125)
Total Expenses	51,879,714	42,568,244	9,311,470	58,005	88,130	(30,125)
Change in Net Position	(6,646,382)	2,812,916	(9,459,298)	2,764	21,828	(19,064)
Net Position Beginning of Year	11,122,478	6,671,078	4,451,400	53,417	31,589	21,828
Restatement - See Note 3	-	1,638,484	(1,638,484)	-	-	-
Net Position End of Year	$ 4,476,096	$ 11,122,478	$ (6,646,382)	$ 56,181	$ 53,417	$ 2,764

Overall, program revenues increased during fiscal year 2021 primarily due to increased operating grants from the addition of the student wellness and the ESSER grants offset by a decrease in charges for services due a reduction in food service revenue. Capital grants also decreased in fiscal year 2021 due to a drawdown of funds received from the Ohio Facilities Construction Commission for the Classroom Facilities Assistance Program.

Overall, program expenses increased significantly. The changes in program expenses are primarily associated to changes in the School District's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes.

The decrease in support services instructional staff expenses was due to changes in functional reporting of salaries and benefits, also reflected by the corresponding increase in regular instruction.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2021	2020	2021	2020
Instruction:				
Regular	23,931,556	20,002,031	21,632,429	19,244,514
Special	5,248,083	5,120,162	2,360,199	3,833,250
Vocational	210,798	171,916	174,645	126,546
Support Services:				
Pupils	2,921,638	2,014,641	2,556,988	1,632,057
Instructional Staff	871,189	1,971,564	581,409	1,907,377
Board of Education	18,141	22,319	18,141	21,545
Administration	2,835,364	2,853,140	2,830,426	2,749,459
Fiscal	930,686	958,318	930,053	928,041
Operation and Maintenance of Plant	4,099,091	4,410,176	3,983,109	3,480,742
Pupil Transportation	2,083,463	1,601,142	1,735,681	1,428,977
Central	69,693	129,606	69,693	125,096
Operation of Non-Instructional/Shared Services	1,595,609	1,440,772	17,742	179,035
Extracurricular Activities	1,180,659	1,052,555	861,917	634,408
Interest and Fiscal Charges	883,744	819,902	883,744	819,902
Intergovernmental	5,000,000	-	5,000,000	-
Total Expenses	$ 51,879,714	$ 42,568,244	$ 43,636,176	$ 37,110,949

*Allocation of charges for services was changed in fiscal year 2021 to more accurately reflect restrictions. 2020 was not updated to reflect this change and deemed insignificant for analysis purposes.
** The comparative column was not restated for the implementation of GASB 84 or compensated absences restatement.

The dependence upon general revenues for governmental activities is apparent. Approximately 84 percent of governmental activities are supported through taxes and other general revenues; such revenues are 82 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

The total and net cost of services changes were primarily caused by the changes related to NPL/NOL/NOA, as previously discussed.

Governmental Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. The governmental funds reported combined revenues of $45.3 million and expenditures of $49.9 million for fiscal year 2021.

The general fund's net change in fund balance for fiscal year 2021 was an increase of $0.5 million which can partially be attributed to increased intergovernmental revenue as a result of normal operations. Additionally, the general fund made transfers out to support other School District funds.

The building fund showed a decrease in fund balance of $0.2 million over fiscal year 2020. This was primarily due to timing of capital expenditures and revenues received in a prior year.

General Fund Budgeting Highlights

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

During the course of fiscal year 2021, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

Original Budget Compared to Final Budget

There were no significant changes between final budget revenue and original budget revenue. There were no significant changes between final appropriations and original appropriations during fiscal year 2021.

Final Budget Compared to Actual Results

For the general fund, actual revenues and other financing sources were higher than final budget basis revenue and other financing sources, as property and other local taxes and intergovernmental revenue exceeded expectations.

Final expenditure appropriations and other financing uses were higher than actual expenditures and other financing uses, as cost savings were recognized for instruction and student support services throughout the year.

Capital Assets and Debt Administration

Capital Assets

Table 4 shows fiscal year 2021 balances compared with 2020.

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

	Governmental Activities	
	2021	2020
Land	$ 1,295,676	$ 1,295,676
Land Improvements	1,006,248	1,048,994
Buildings and Improvements	50,978,787	23,100,481
Machinery and Equipment	752,283	762,292
Vehicles	1,284,877	886,701
Construction in Progress	-	30,101,094
Total	$ 55,317,871	$ 57,195,238

The $1.9 million decrease in capital assets was mainly attributable to depreciation and disposals exceeding additions. See Note 12 for more information about the capital assets of the School District.

Debt

Table 5 summarizes bonds outstanding. See Note 16 for additional details.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2021	2020
General Obligation Bonds	$ 28,365,000	$ 24,600,000
Tax Anticipation Notes	-	308,000
Capital Leases	-	8,139
Total	$ 28,365,000	$ 24,916,139

Current Issues

Amherst Exempted Village School District has a strong financial outlook. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast.

The financial future of the School District is not without its challenges though. These challenges are internal and external in nature. The internal challenges will continue to exist as the School District must rely heavily on local property taxes to fund its operation. External challenges continue to evolve as the State of Ohio determines the outcome of the Ohio State Supreme Court case dealing with the unconstitutionality of the State's educational funding system.

The School District has not anticipated any meaningful growth in State revenue due to the constraints set by the State for estimating state funding. The effect of passing the operating levy in prior years will continue to have a positive effect on the School District's financial condition. As a result of the challenges mentioned above, it is imperative the School District's management continue to carefully and prudently plan in order to provide the resources required to meet student needs of the next several years.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Ms. Amelia Gioffredo, Treasurer, at Amherst Exempted Village School District, 550 Milan Ave, Amherst, Ohio 44001.

Amherst Exempted Village School District
Lorain County, Ohio
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Investments	$ 26,064,775	$ 208,519	$ 26,273,294
Accounts Receivable	20,355	-	20,355
Intergovernmental Receivable	887,443	965	888,408
Taxes Receivable	22,193,259	-	22,193,259
Payments in Lieu of Taxes Receivable	75,998	-	75,998
Prepaid Items	48,835	-	48,835
Net OPEB Asset	2,420,760	-	2,420,760
Non-Depreciable Capital Assets	1,295,676	-	1,295,676
Depreciable Capital Assets, net	54,022,195	-	54,022,195
Total Assets	107,029,296	209,484	107,238,780
Deferred Outflows of Resources			
Deferred Charges on Refunding	60,673	-	60,673
Pension	7,744,787	16,088	7,760,875
OPEB	1,268,432	7,960	1,276,392
Total Deferred Outflows of Resources	9,073,892	24,048	9,097,940
Liabilities			
Accounts Payable	591,947	-	591,947
Accrued Wages and Benefits	3,500,401	-	3,500,401
Contracts Payable	444,541	-	444,541
Retainage Payable	331,580	-	331,580
Intergovernmental Payable	674,622	701	675,323
Matured Compensated Absences Payable	104,523	-	104,523
Long-Term Liabilities:			
Due Within One Year	2,252,012	-	2,252,012
Due In More Than One Year:			
Net Pension Liability	44,257,744	110,402	44,368,146
Net OPEB Liability	3,588,280	36,245	3,624,525
Other Amounts Due in More Than One Year	30,711,503	-	30,711,503
Total Liabilities	86,457,153	147,348	86,604,501
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	18,799,261	-	18,799,261
Payments in Lieu of Taxes	50,268	-	50,268
Pension	1,327,883	10,657	1,338,540
OPEB	4,992,527	19,346	5,011,873
Total Deferred Inflows of Resources	25,169,939	30,003	25,199,942
Net Position			
Net Investment in Capital Assets	26,176,310	-	26,176,310
Restricted for:			
Capital Outlay	702,626	-	702,626
Debt Service	2,384,013	-	2,384,013
Other Purposes	1,842,543	-	1,842,543
Unrestricted	(26,629,396)	56,181	(26,573,215)
Total Net Position	$ 4,476,096	$ 56,181	$ 4,532,277

See accompanying notes to the basic financial statements.

Amherst Exempted Village School District
Lorain County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2021

		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Instruction:						
Regular	$ 23,931,556	$ 1,147,627	$ 1,151,500	$ (21,632,429)	$ -	$ (21,632,429)
Special	5,248,083	202,617	2,685,267	(2,360,199)	-	(2,360,199)
Vocational	210,798	-	36,153	(174,645)	-	(174,645)
Support Services:						
Pupils	2,921,638	-	364,650	(2,556,988)	-	(2,556,988)
Instructional Staff	871,189	-	289,780	(581,409)	-	(581,409)
Board of Education	18,141	-	-	(18,141)	-	(18,141)
Administration	2,835,364	-	4,938	(2,830,426)	-	(2,830,426)
Fiscal	930,686	-	633	(930,053)	-	(930,053)
Operation and Maintenance of Plant	4,099,091	-	115,982	(3,983,109)	-	(3,983,109)
Pupil Transportation	2,083,463	-	347,782	(1,735,681)	-	(1,735,681)
Central	69,693	-	-	(69,693)	-	(69,693)
Operation of Non-Instructional/Shared Services:						
Food Service Operations	1,364,048	167,627	1,227,464	31,043	-	31,043
Community Services	231,561	-	182,776	(48,785)	-	(48,785)
Extracurricular Activities	1,180,659	311,042	7,700	(861,917)	-	(861,917)
Interest and Fiscal Charges	883,744	-	-	(883,744)	-	(883,744)
Intergovernmental	5,000,000	-	-	(5,000,000)	-	(5,000,000)
Total Governmental Activities	$ 51,879,714	$ 1,828,913	$ 6,414,625	(43,636,176)	-	(43,636,176)
Business-Type Activities						
Special Enterprise	58,005	60,769	-	-	2,764	2,764
Total Business-Type Activities	58,005	60,769	-	-	2,764	2,764
Total	$ 51,937,719	$ 1,889,682	$ 6,414,625	(43,636,176)	2,764	(43,633,412)

	Governmental Activities	Business-Type Activities	Total
General Revenues			
Property Taxes Levied for:			
General Purposes	17,075,409	-	17,075,409
Debt Service	2,116,690	-	2,116,690
Capital Outlay	581,619	-	581,619
Other Purposes	43,273	-	43,273
Grants and Entitlements not Restricted to Specific Programs	16,017,301	-	16,017,301
Payments in Lieu of Taxes	101,718	-	101,718
Investment Earnings	74,887	-	74,887
Miscellaneous	978,897	-	978,897
Total General Revenues	36,989,794	-	36,989,794
Change in Net Position	(6,646,382)	2,764	(6,643,618)
Net Position Beginning of Year (Restated, See Note 3)	11,122,478	53,417	11,175,895
Net Position End of Year	$ 4,476,096	$ 56,181	$ 4,532,277

See accompanying notes to the basic financial statements.

Amherst Exempted Village School District
Lorain County, Ohio
Balance Sheet
Governmental Funds
June 30, 2021

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	$ 21,241,602	$ 30,874	$ 4,792,299	$ 26,064,775
Accounts Receivable	19,367	-	988	20,355
Interfund Receivable	129,711	-	-	129,711
Intergovernmental Receivable	112,522	-	774,921	887,443
Taxes Receivable	18,724,664	-	3,468,595	22,193,259
Payments in Lieu of Taxes Receivable	75,998	-	-	75,998
Prepaid Items	48,835	-	-	48,835
Total Assets	$ 40,352,699	$ 30,874	$ 9,036,803	$ 49,420,376
Liabilities				
Accounts Payable	$ 158,076	$ -	$ 433,871	$ 591,947
Accrued Wages and Benefits	3,278,880	-	221,521	3,500,401
Contracts Payable	-	201,259	243,282	444,541
Retainage Payable	2,588	287,194	41,798	331,580
Intergovernmental Payable	651,621	-	23,001	674,622
Interfund Payable	-	-	129,711	129,711
Matured Compensated Absences Payable	103,687	-	836	104,523
Total Liabilities	4,194,852	488,453	1,094,020	5,777,325
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	15,806,994	-	2,992,267	18,799,261
Payments in Lieu of Taxes	50,268	-	-	50,268
Unavailable Revenue - Other	-	-	154,799	154,799
Unavailable Revenue - Delinquent Real Estate Tax	85,778	-	15,766	101,544
Total Deferred Inflows of Resources	15,943,040	-	3,162,832	19,105,872
Fund Balances				
Nonspendable	48,835	-	-	48,835
Restricted	-	-	4,847,729	4,847,729
Committed	22,000	-	-	22,000
Assigned	2,286,046	-	-	2,286,046
Unassigned	17,857,926	(457,579)	(67,778)	17,332,569
Total Fund Balance	20,214,807	(457,579)	4,779,951	24,537,179
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 40,352,699	$ 30,874	$ 9,036,803	$ 49,420,376

See accompanying notes to the basic financial statements.

Amherst Exempted Village School District
Lorain County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2021

Total Governmental Fund Balances		$ 24,537,179
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		55,317,871
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental	$ 154,799	
Delinquent Property Taxes	101,544	256,343
Unamortized loss on refunding represents deferred outflows, which do not use current financial resources, and, therefore, are not reported in the funds.		60,673
The net pension liability and net OPEB liability are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	2,420,760	
Deferred Outflows - Pension	7,744,787	
Deferred Outflows - OPEB	1,268,432	
Net Pension Liability	(44,257,744)	
Net OPEB Liability	(3,588,280)	
Deferred Inflows - Pension	(1,327,883)	
Deferred Inflows - OPEB	(4,992,527)	(42,732,455)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(28,365,000)	
Unamortized Bond Premium	(1,314,879)	
Compensated Absences	(3,283,636)	(32,963,515)
Net Position of Governmental Activities		$ 4,476,096

See accompanying notes to the basic financial statements.

Amherst Exempted Village School District
Lorain County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property and Other Local Taxes	$ 17,073,855	$ -	$ 2,738,307	$ 19,812,162
Intergovernmental	17,359,312	-	4,969,100	22,328,412
Investment Income	74,346	-	541	74,887
Tuition and Fees	1,320,491	-	-	1,320,491
Extracurricular Activities	255,052	-	83,916	338,968
Charges for Services	1,827	-	167,627	169,454
Contributions and Donations	8,601	-	13,700	22,301
Payments in Lieu of Taxes	101,718	-	-	101,718
Miscellaneous	779,298	-	315,228	1,094,526
Total Revenues	36,974,500	-	8,288,419	45,262,919
Expenditures				
Current:				
Instruction:				
Regular	19,029,933	-	1,164,896	20,194,829
Special	3,945,201	-	1,122,652	5,067,853
Vocational	193,864	-	-	193,864
Support Services:				
Pupils	2,401,499	-	422,922	2,824,421
Instructional Staff	572,952	-	310,262	883,214
Board of Education	18,141	-	-	18,141
Administration	2,625,153	-	4,000	2,629,153
Fiscal	850,536	-	47,367	897,903
Operation and Maintenance of Plant	3,330,576	-	458,320	3,788,896
Pupil Transportation	2,125,089	-	259,427	2,384,516
Central	62,568	-	-	62,568
Operation of Non-Instructional/Shared Services:				
Food Service Operations	-	-	1,269,307	1,269,307
Community Services	7,348	-	247,247	254,595
Extracurricular Activities	761,083	-	195,032	956,115
Capital Outlay	519,746	203,391	140,795	863,932
Debt Service				
Principal Retirement	-	-	1,543,000	1,543,000
Interest and Fiscal Charges	-	-	1,023,219	1,023,219
Intergovernmental	-	5,000,000	-	5,000,000
Total Expenditures	36,443,689	5,203,391	8,208,446	49,855,526
Excess of Revenues Over (Under) Expenditures	530,811	(5,203,391)	79,973	(4,592,607)
Other Financing Sources (Uses)				
General Obligation Bonds Issued	-	5,000,000	-	5,000,000
Premium on Bonds and Notes Issued	-	-	511,655	511,655
Proceeds from Sale of Capital Assets	6,560	-	-	6,560
Insurance Recoveries	1,302	-	-	1,302
Transfers In	-	-	325,000	325,000
Transfers Out	(50,000)	-	(275,000)	(325,000)
Total Other Financing Sources (Uses)	(42,138)	5,000,000	561,655	5,519,517
Net Change in Fund Balances	488,673	(203,391)	641,628	926,910
Fund Balances Beginning of Year, Restated (See Note 3)	19,726,134	(254,188)	4,138,323	23,610,269
Fund Balances End of Year	$ 20,214,807	$ (457,579)	$ 4,779,951	$ 24,537,179

See accompanying notes to the basic financial statements.

Amherst Exempted Village School District
Lorain 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, 2021

Net Change in Fund Balances - Total Governmental Funds		$ 926,910
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 activites, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	$ 1,758,311	
Current Year Depreciation	(1,655,176)	103,135
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(1,980,502)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	81,214	
Delinquent Property Taxes	4,829	
Other	(123,492)	(37,449)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	1,235,000	
Long Term Notes	308,000	
Capital Lease	8,139	1,551,139
Debt proceeds issued in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
General Obligation Bonds	(5,000,000)	
Premium on Bonds Issued	(511,655)	(5,511,655)
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	70,899	
Amortization of Premium on Bonds	78,687	
Amortization of Refunding Loss	(10,111)	139,475
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	3,262,595	
OPEB	88,835	3,351,430
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(4,944,609)	
OPEB	224,081	(4,720,528)
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		(468,337)
Change in Net Position of Governmental Activities		$ (6,646,382)

See accompanying notes to the basic financial statements.

Amherst Exempted Village School District
Lorain County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Property and Other Local Taxes	$ 17,376,495	$ 17,376,495	$ 18,283,124	$ 906,629
Intergovernmental	16,089,764	16,089,764	17,353,894	1,264,130
Investment Income	156,574	156,574	324,819	168,245
Tuition and Fees	1,210,685	1,210,685	1,290,356	79,671
Extracurricular Activities	360,000	360,000	222,960	(137,040)
Charges for Services	2,800	2,800	-	(2,800)
Rent	100	100	-	(100)
Contributions and Donations	21,000	21,000	-	(21,000)
Miscellaneous	121,000	121,000	256,978	135,978
Total Revenues	35,338,418	35,338,418	37,732,131	2,393,713
Expenditures				
Current:				
Instruction:				
Regular	20,340,207	20,640,775	19,019,989	1,620,786
Special	4,238,868	4,365,151	4,113,137	252,014
Vocational	197,303	194,731	185,613	9,118
Support Services:				
Pupils	2,404,055	2,616,287	2,396,758	219,529
Instructional Staff	653,717	734,065	660,135	73,930
Board of Education	29,008	24,258	17,914	6,344
Administration	2,770,732	2,834,624	2,636,715	197,909
Fiscal	1,066,735	942,762	854,625	88,137
Operation and Maintenance of Plant	4,710,920	3,750,920	3,367,399	383,521
Pupil Transportation	1,609,025	2,307,330	2,174,581	132,749
Central	162,998	107,983	64,367	43,616
Operation of Non-Instructional/Shared Services:				
Community Services	5,789	7,365	7,348	17
Extracurricular Activities	829,831	877,839	761,593	116,246
Capital Outlay	1,339,566	749,552	747,892	1,660
Total Expenditures	40,358,754	40,153,642	37,008,066	3,145,576
Excess of Receipts Over (Under) Expenditures	(5,020,336)	(4,815,224)	724,065	5,539,289
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	1,000	1,000	6,560	5,560
Insurance Recoveries	-	-	1,302	1,302
Refund of Prior Year Expenditures	-	-	703,007	703,007
Refund of Prior Year Receipts	-	(400)	(400)	-
Other Financing Uses	(10,000)	(10,000)	-	10,000
Advances In	-	-	100,000	100,000
Advances Out	-	(229,711)	(229,711)	-
Transfers In	260,000	260,000	-	(260,000)
Transfers Out	(100,000)	(75,000)	(50,000)	25,000
Total Other Financing Sources (Uses)	151,000	(54,111)	530,758	584,869
Net Change in Fund Balance	(4,869,336)	(4,869,335)	1,254,823	6,124,158
Fund Balance Beginning of Year	17,769,068	17,769,068	17,769,068	-
Prior Year Encumbrances Appropriated	1,357,213	1,357,213	1,357,213	-
Fund Balance End of Year	$ 14,256,945	$ 14,256,946	$ 20,381,104	$ 6,124,158

See accompanying notes to the basic financial statements.

Amherst Exempted Village School District
Lorain County, Ohio
Statement of Fund Net Position
Proprietary Funds
June 30, 2021

	Proprietary Fund: Non-Major Enterprise Fund
Assets	
Current Assets:	
Equity in Pooled Cash and Investments	$ 208,519
Intergovernmental Receivable	965
Total Current Assets	209,484
Deferred Outflows of Resources	
Pension	16,088
OPEB	7,960
Total Deferred Outflows of Resources	24,048
Liabilities	
Current Liabilities:	
Intergovernmental Payable	701
Total Current Liabilities	701
Long-Term Liabilities:	
Net Pension Liability	110,402
Net OPEB Liability	36,245
Total Long-Term Liabilities	146,647
Deferred Inflows of Resources	
Pension	10,657
OPEB	19,346
Total Deferred Inflows of Resources	30,003
Net Position	
Unrestricted	56,181
Total Net Position	$ 56,181

See accompanying notes to the basic financial statements.

Amherst Exempted Village School District
Lorain County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	Proprietary Fund Non-Major Enterprise Fund
Operating Revenues	
Tuition	$ 60,769
Total Operating Revenues	60,769
Operating Expenses	
Salaries	61,455
Fringe Benefits	(6,505)
Materials and Supplies	3,055
Total Operating Expenses	58,005
Operating Income (Loss)	2,764
Net Position Beginning of Year	53,417
Net Position End of Year	$ 56,181

See accompanying notes to the basic financial statements.

Amherst Exempted Village School District
Lorain County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2021

	Proprietary Fund Non-Major Enterprise Fund
Cash Flows from Operating Activities	
Cash Received from Customers	$ 60,769
Cash Payments to Suppliers for Goods and Services	(2,793)
Cash Payments to Employees for Services and Benefits	(71,314)
Net Cash Provided by (Used for) Operating Activities	(13,338)
Net Increase (Decrease) in Cash and Investments	(13,338)
Cash and Investments Beginning of Year	221,857
Cash and Investments End of Year	$ 208,519
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	$ 2,764
Adjustments:	
(Increase) Decrease in Assets and Deferred Outflows:	
Prepaid Items	262
Intergovernmental Receivable	(965)
Net OPEB Asset	463
Deferred Outflows - Pension/OPEB	(21)
Increase (Decrease) in Liabilities and Deferred Inflows:	
Intergovernmental Payable	701
Deferred Inflows - Pension/OPEB	10,994
Net Pension Liability	(13,231)
Net OPEB Liability	(14,305)
Net Cash Provided by (Used For) Operating Activities	$ (13,338)

See accompanying notes to the basic financial statements.

Amherst Exempted Village School District
Lorain County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial
Assets	
Equity in Pooled Cash and Investments	$ 2,246
Total Assets	2,246
Net Position	
Restricted for Individuals, Organizations, and Other Governments	2,246
Total Net Position	$ 2,246

See accompanying notes to the basic financial statements.

Amherst Exempted Village School District
Lorain County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021

	Custodial
Additions	
Extracurricular Amounts Collected for Other Governments	$ 23,366
Total Additions	23,366
Deductions	
Extracurricular Distributions to Other Governments	21,120
Total Deductions	21,120
Change in Net Position	2,246
Net Position Beginning of Year	-
Net Position End of Year	$ 2,246

See accompanying notes to the basic financial statements.

NOTE 1: DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

Amherst Exempted Village School District (the "School District") was established for the purposes of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is an exempted village school district as defined by Section 3311.04 of the Ohio Revised Code. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and/or Federal guidelines.

The School District boundaries include the City of Amherst, Amherst Township, and a portion of the City of Lorain, an area extending approximately 32 square miles. The School District operates two elementary schools (preK-3), one intermediate school (4-5), one junior high school (6-8) and one high school (9-12).

Reporting Entity

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 School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service and student related activities of the School District.

The following entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

The Amherst Public Library provides the community with various educational and literary resources. This is a related organization and the School District's participation is disclosed in Note 18 to the basic financial statements.

The School District is not involved in the budgeting or the management of Parent-Teacher Organizations or booster clubs. The School District is not responsible for any debt and has no influence over these organizations or clubs.

Within the School District's boundaries, St. Joseph School is operated through the Cleveland Catholic Diocese. Current state legislation provides auxiliary services funding to this parochial school. These monies are received and distributed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. The accounting for this parochial school is reflected in the auxiliary services fund, a special revenue fund of the School District.

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

The School District is associated with organizations which are defined as jointly governed organizations. These organizations include Connect, the Lorain County Joint Vocational School District, Ohio Schools Council and Lake Erie Regional Council of Governments. These organizations are presented in Note 17 to the basic financial statements.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (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 School District's accounting policies.

A. Basis of Presentation

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which Governmental Fund 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.

The government-wide statement of activities presents direct expenses and program revenues for each segment of the business-type activities of the School District and for each function or program of the School 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 School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

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

B. Fund Accounting

The School 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 School 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 School District are grouped into the categories governmental, proprietary, and fiduciary.

Governmental Funds

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

General Fund

The General Fund is the general operating fund of the School District and is used to account for all financial resources, not accounted for and reported in another fund. The General Fund is available to the School District for any purpose provided it is expended or transferred according to the school laws of Ohio.

Building Fund

The Building Fund is a capital projects fund that receives bond proceeds for the payment of capital improvement projects.

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

Proprietary Funds

Proprietary funds focus on the determination of the changes in net position, financial position and cash flows and are classified as either enterprise or internal service.

Enterprise Fund

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District has only one enterprise fund and it accounts for the before and after school program. The School District has no major enterprise funds.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) 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 has certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The School District's fiduciary funds are custodial funds. Custodial funds are used to account for assets held by the School District for Ohio High School Athletic Association (OHSAA) tournaments.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

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

Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. For proprietary funds, all assets and deferred outflows of resources along with all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

D. 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. Proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual basis and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange 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, certain grants, investment earnings, tuition, rentals and fees.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a 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 School District, deferred outflows of resources include a deferral on refunding, pension and OPEB that are reported in the government-wide Statement of Net Position. A deferral on refunding results from the difference in the carrying value of the refunding debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 14 and 15.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes, pension, OPEB and unavailable revenues. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as deferred inflows 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 School District, unavailable revenue includes delinquent property taxes and intergovernmental revenue. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide Statement of Net Position. (See Notes 14 and 15)

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue. Unused donated commodities are reported as intergovernmental revenue.

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.

E. Budgetary Process

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

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate.

The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been authorized to allocate Board appropriations to the functions and object level within each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the certificate when the permanent appropriations for the fiscal year were passed. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect when the final appropriations for the fiscal year were passed. The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

F. Cash and Investments

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

During fiscal year 2021, investments were limited to Federal Home Loan Bank, Negotiable certificates of deposit, US Treasury Notes, commercial paper, money market, and STAR Ohio. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

The School District's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the School District. 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 a NAV per share that approximates fair value.

For the fiscal year 2021, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes, the Governing Board may, by resolution, identify the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to $74,346, which includes $13,562 assigned from other School District funds.

For purposes of the statement of cash flows and for presentation on the statement of net position, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as "equity in pooled cash and investments".

G. Prepaid Items

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

H. Inventory

Inventories of the Governmental Funds are presented at the lower of cost or market on a first-in, first-out basis and expended/expensed when used. Inventories consist of donated foods, purchased foods, and expendable supplies held for consumption.

I. Capital Assets

The School District's only capital assets are general capital assets. General capital assets are those assets specifically related to governmental 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 in the fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School 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, except land and construction in process, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Useful Lives
Land Improvements	20 years
Buildings and Improvements	25 to 50 years
Furniture and Equipment	5 to 15 years
Vehicles	8 years

J. Interfund Balances

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

K. Compensated Absences

Sick leave benefits are accrued as a liability using the termination method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

For governmental funds, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirement. These amounts are recorded in the account "matured compensated absences payable" in the funds from which the employee will be paid.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the enterprise fund are reported on the enterprise fund financial statements.

In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits 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. Bond Premiums

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase in the face amount of the general obligation bonds payable. On the fund financial statements, premiums are receipted in the year bonds are issued.

N. Net Position

Net Position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The government-wide Statement of Net Position reports $4,929,182 of the restricted component of net position, none of which is restricted by enabling legislation. The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

O. Fund Balance

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

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

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

P. Interfund Activity

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

Q. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

R. 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 3: CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

Implementation of New Accounting Principles

For the fiscal year ended June 30, 2021, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities,* GASB No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61,* certain provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates* and GASB Statement No. 98*, The Annual Comprehensive Financial Report.*

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District reviewed its funds for proper classification, and any fund reclassifications resulted in the restatement of the School District's financial statements (see below).

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the School District.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of the School District.

GASB Statement No. 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of GASB Statement No. 98 did not have an effect on the financial statements of the School District.

Restatement of Net Position/Fund Balance

The implementation of GASB 84 had the following effect on net position and fund balance as reported June 30, 2020. During fiscal year, it was determined that compensated absences had been overstated by $1,495,495 at June 30, 2020. The impact of these on net position / fund balance are as follows:

	Governmental Activities
Net Position, June 30, 2020	$ 9,483,994
GASB Statement No. 84	142,989
Compensated Absences	1,495,495
Restated Net Position, June 30, 2020	$ 11,122,478

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

	Other Governmental Funds
Fund Balance (Deficit), June 30, 2020	$ 3,995,334
GASB Statement No. 84	142,989
Restated Fund Balance (Deficit), June 30, 2020	$ 4,138,323

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

	Fiduciary Funds	
	Private Purpose Trust	Agency
Net Position, June 30, 2020	$ 21,737	$ -
GASB Statement No. 84	(21,737)	-
Adjustments:		
Assets	-	(121,252)
Liabilities	-	121,252
Restated Net Position, June 30, 2020	$ -	$ -

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NOTE 4: FUND BALANCES

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

	General	Building Fund	Other Governmental Funds	Total
Nonspendable for:				
Prepaids	$ 48,835	$ -	$ -	$ 48,835
Restricted for:				
Debt Service	-	-	2,443,537	2,443,537
Capital Outlay	-	-	600,277	600,277
Food Service	-	-	211,998	211,998
Other Grants	-	-	48,597	48,597
Classroom Facilities	-	-	949,159	949,159
Extracurricular	-	-	160,801	160,801
Other	-	-	433,360	433,360
Total Restricted	-	-	4,847,729	4,847,729
Committed for:				
Underground Storage	22,000	-	-	22,000
Assigned for:				
Encumbrances:				
Instructional	104,403	-	-	104,403
Support Services	1,257	-	-	1,257
Capital Outlay	167,723	-	-	167,723
Subsequent Year Appropriations	1,879,048	-	-	1,879,048
Other Purposes	133,615	-	-	133,615
Total Assigned	2,286,046	-	-	2,286,046
Unassigned	17,857,926	(457,579)	(67,778)	17,332,569
Total Fund Balance	$ 20,214,807	$ (457,579)	$ 4,779,951	$ 24,537,179

NOTE 5: ACCOUNTABILITY

Deficit Fund Balances

The following funds had GAAP deficit balances at June 30, 2021:

Major Governmental Funds:	Fund Balance
Building Fund	$ 457,579

Nonmajor Governmental Funds:	Fund Balance
ESSER CARES Act	$ 1,713
IDEA	58,504
Improving Teacher Quality	7,561
Total	$ 67,778

These deficits were caused by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances in other funds; however, this is when cash is needed rather than when accruals occur.

NOTE 6: BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Budgetary Basis) and Actual – 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 GAAP (modified accrual) basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Encumbrances are treated as expenditures (budget basis) rather than as a part of restricted, committed, or assigned fund balance (GAAP basis).

4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

5. Some funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund:

Net Change in Fund Balance

	General Fund
GAAP Basis	$ 488,673
Net Adjustment for Revenue Accruals	6,300,477
Net Adjustment for Expenditure Accruals	(4,509,540)
Funds Budgeted Elsewhere **	(594,203)
Adjustment for Encumbrances	(430,584)
Budget Basis	$ 1,254,823

**As part of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, certain funds that are legally budgeted in separate special revenue funds are considered part of the general funds on a GAAP basis. This included the emergency levy fund.

NOTE 7: DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association,

Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

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

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

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

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty and two hundred and seventy days, respectively, in an amount not to exceed forty percent of the interim moneys available for investment at any on time; and,

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2021, $250,000 of the School District's bank balance of $824,261 was covered by FDIC. The School District's financial institution was approved for a reduced collateral rate of fifty percent through the Ohio Pooled Collateral System, resulting in the uninsured and uncollateralized balance.

Protection of the School District's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC), as well as qualified securities pledged by the institution holding the assets. Ohio law requires that deposits either be insured or protected by:
Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The School District's financial institution is enrolled in OPCS.

Investments

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2021. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

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

Rating	Investment	Measurement Amount	Investment Maturities (in years) Less than 1	1 - 3	Over 3	% Total Investments
	Net Asset Value (NAV):					
AAAm	STAR Ohio	$ 755,809	$ 755,809	$ -	$ -	2.92%
AAAm	First American Treasury Obligation	2,757	2,757	-	-	0.01%
	Fair Value:					
AA+	US Treasury Notes	1,253,325	1,253,325	-	-	4.84%
AA+	Federal Home Loan Bank	6,056,640	-	3,620,322	2,436,318	23.37%
	Certificates of Deposit	10,126,008	4,754,958	5,371,050	-	39.07%
AA+	Commercial Paper	7,719,800	7,719,800	-	-	29.79%
	Totals	$ 25,914,339	$ 14,486,649	$ 8,991,372	$ 2,436,318	100.00%

Interest Rate Risk Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the School District manages it exposure to declines in fair values by maintaining adequate liquidity to pay current obligations, diversification of maturities, and diversification of assets.

Credit Risk Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District limits their investments to securities issued by federal government agencies or instrumentalities, commercial paper, and money market accounts. The credit ratings for the School District's investments in negotiable CD's were not available.

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2021, is 54 days.

Concentration of Credit Risk Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policy allows investments in STAR Ohio, repurchase agreements, certificates of deposit or investments within financial institutions within the State of Ohio as designated by the Federal Reserve Board. The School District's places no limit on the amount that may be invested to any one issuer.

Custodial Credit Risk Custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment policy does not address custodial credit risk beyond the requirements of the Ohio Revised Code. All of the School District's securities are held in the name of the School District. The School District's investment in negotiable CD's was fully insured by Federal depository insurance.

NOTE 8: PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Public utility property taxes received in calendar year 2021 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected in 2021 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public property currently is assessed at varying percentages of true value.

The School District receives property taxes from Lorain County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent. Accrued property taxes receivable includes delinquent taxes outstanding and real and public utility property taxes which were measurable as of June 30, 2021 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflow of resources.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reflected as a deferred inflow of resources.

The assessed values upon which the fiscal year 2021 taxes were collected are:

	2020 Second Half Collections		2021 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$ 585,742,210	96.59%	$ 596,372,040	96.39%
Public Utility Personal Property	20,657,410	3.41%	22,309,240	3.61%
	$ 606,399,620	100.00%	$ 618,681,280	100.00%
Full Tax Rate per $1,000 of assessed value	$ 72.17		$ 72.75	

NOTE 9: RECEIVABLES

Receivables at June 30, 2021 consisted of taxes, accounts, interfund, payments in lieu of taxes, and intergovernmental amounts. 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. All receivables are expected to be received within one year.

NOTE 10: INTERFUND TRANSACTIONS

Interfund Balances

At June 30, 2021, the School District had the following interfund balances:

Fund	Interfund Receivable	Interfund Payable
General Fund	$ 129,711	$ -
Nonmajor Governmental Funds	-	129,711
Total	$ 129,711	$ 129,711

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund Transfers

Transfers made during fiscal year 2021 were as follows:

	Transfer In	Transfer Out
General Fund	$ -	$ 50,000
Nonmajor Governmental Funds	325,000	275,000
Total	$ 325,000	$ 325,000

The transfers were made to move unrestricted balances to fund projects accounted for in the athletic fund and the Permanent Improvement Capital Projects fund transferred $275,000 to the Classroom Facilities Maintenance Special Revenue fund for the project through the Ohio Facilities Construction Commission fund to be used as maintenance on the new buildings.

NOTE 11: RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims have not exceeded this commercial coverage in any of the past three years. All administrators carry coverage equal to two times their calculated retirement salaries approximated to the nearest thousand. For fiscal year 2021, the School District participated in the Ohio School Boards

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

NOTE 12: CAPITAL ASSETS

A summary of the changes in Governmental Activities capital assets during fiscal year 2021 follows:

	Balance 6/30/2020	Additions	Reductions	Balance 6/30/2021
Governmental Activities				
Capital Assets, not being depreciated:				
Land	$ 1,295,676	$ -	$ -	$ 1,295,676
Construction in progress	30,101,094	915,373	(31,016,467)	-
Capital Assets not being depreciated	31,396,770	915,373	(31,016,467)	1,295,676
Capital Assets, being depreciated:				
Land Improvements	2,698,944	38,160	-	2,737,104
Buildings and Improvements	38,499,526	31,033,717	(3,660,183)	65,873,060
Furniture and Equipment	2,480,173	105,758	-	2,585,931
Vehicles	2,549,154	681,770	(137,544)	3,093,380
Total Capital Assets, being depreciated	46,227,797	31,859,405	(3,797,727)	74,289,475
Less Accumulated Depreciation:				
Land Improvements	(1,649,950)	(80,906)	-	(1,730,856)
Buildings and Improvements	(15,399,045)	(1,183,728)	1,688,500	(14,894,273)
Furniture and Equipment	(1,717,881)	(119,867)	4,100	(1,833,648)
Vehicles	(1,662,453)	(270,675)	124,625	(1,808,503)
Total Accumulated Depreciation	(20,429,329)	(1,655,176)	1,817,225	(20,267,280)
Total Capital Assets being depreciated, net	25,798,468	30,204,229	(1,980,502)	54,022,195
Governmental Activities Capital Assets, Net	$ 57,195,238	$ 31,119,602	$ (32,996,969)	$ 55,317,871

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:		
Instruction:		
Regular	$	1,275,764
Special		1,760
Support Services:		
Pupil		396
Instructional Staff		3,546
Administration		10,469
Fiscal Services		447
Operation and Maintenance of Plant		85,531
Pupil Transportation		143,685
Operation of Non-Instructional Services:		
Food Service		19,866
Community Services		3,434
Extracurricular Activities		110,278
Total Depreciation		1,655,176

NOTE 13: EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified, full-time administrators and non-bargaining unit employees earn 10 to 30 days of vacation per year, depending upon length of service and hours worked. Unused vacation time earned in the current year is paid to classified employees and administrators upon termination of employment. Teachers and elementary principals do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave accumulation for a year is fifteen days. Payment of one-third of the total sick leave accumulation is made to certified employees and one-half to classified employees, up to a maximum accumulation of 85 days upon retirement. Administrators are required to have 5 years of service with the School District, while all other employees must have 10 years of service with the School District to qualify for payment.

Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees. Full time employees are provided with $50,000 of group life insurance coverage and part time employees are provided with $30,000 of group life insurance coverage. Life insurance is provided through One America.

NOTE 14: DEFINED BENEFIT PENSION PLAN

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires 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 (assets) 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/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

The remainder of this note includes the required pension disclosures. See Note 15 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a statewide, 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 on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

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

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

The School District's contractually required contribution to SERS was $820,221 for fiscal year 2021. Of this amount, $80,192 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site 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 is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased through 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. Eligibility changes for actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2021 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was $2,450,576 for fiscal year 2021. Of this amount, $459,128 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Period	0.16691580%	0.13773919%	
Prior Measurement Period	0.16089890%	0.13985008%	
Change in Proportion	0.00601690%	-0.00211089%	
Proportionate Share of the Net Pension Liability	$ 11,040,163	$ 33,327,983	$ 44,368,146
Pension Expense	$ 1,451,926	$ 3,496,729	$ 4,948,655

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School District's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

At June 30, 2021 the School 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			
Net Difference between Projected and Actual Earnings on Pension Plan Investments	$ 700,829	$ 1,620,743	$ 2,321,572
Differences between Expected and Actual Experience	21,445	74,781	96,226
Changes of Assumptions	-	1,789,069	1,789,069
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	283,211	-	283,211
School District Contributions Subsequent to the Measurement Date	820,221	2,450,576	3,270,797
Total Deferred Outflows of Resources	$ 1,825,706	$ 5,935,169	$ 7,760,875
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ -	$ 213,110	$ 213,110
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	10,657	1,114,773	1,125,430
Total Deferred Inflows of Resources	$ 10,657	$ 1,327,883	$ 1,338,540

$3,270,797 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	SERS	STRS	Total
2022	$ 190,824	$ 545,225	$ 736,049
2023	292,465	204,981	497,446
2024	292,122	757,099	1,049,221
2025	219,417	649,405	868,822
	$ 994,828	$ 2,156,710	$ 3,151,538

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 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. Future benefits for all current plan members were projected through 2130.

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

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

Actuarial Cost Method	Entry Age Normal (Level Percentage of Payroll, Closed)
Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent, net of investment expense, including inflation
COLA or Ad Hoc COLA	2.50 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years is used for the period after disability retirement.

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

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

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

Discount Rate Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	$ 15,123,675	$ 11,040,163	$ 7,614,018

Actuarial Assumptions - STRS

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

Inflation	2.50 percent
Acturial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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

The actuarial assumptions used in the June 30, 2020 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2011, through June 30, 2016.

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

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

*Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent 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 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the School District's proportionate share of the net pension liability as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the School

District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	$ 47,453,246	$ 33,327,983	$ 21,358,000

Social Security System

Effective July 1, 1991, all employees not otherwise covered by School Employees Retirement System or State Teachers Retirement System have an option to choose Social Security. The School District's liability is 6.2 percent of wages paid.

NOTE 15: DEFINED BENEFIT OPEB PLANS

See Note 14 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was $89,732, which is reported as an intergovernmental 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 were 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 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Period	0.166773%	0.137739%	
Prior Measurement Period	0.164763%	0.139850%	
Change in Proportion	0.002010%	-0.002111%	
Proportionate Share of the Net OPEB Liability (Asset)	$ 3,624,525	$ (2,420,760)	
OPEB Expense	$ (31,664)	$ (202,216)	$ (233,880)

At June 30, 2021, the School 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			
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	$ 40,840	$ 84,841	$ 125,681
Differences between Expected and Actual Experience	47,605	155,113	202,718
Changes of Assumptions	617,856	39,960	657,816
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	200,445	-	200,445
School District Contributions Subsequent to the Measurement Date	89,732	-	89,732
Total Deferred Outflows of Resources	$ 996,478	$ 279,914	$ 1,276,392
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 1,843,324	$ 482,180	$ 2,325,504
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	-	-
Changes of Assumptions	91,294	2,299,317	2,390,611
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	88,852	206,906	295,758
Total Deferred Inflows of Resources	$ 2,023,470	$ 2,988,403	$ 5,011,873

$89,732 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	SERS	STRS	Total
2022	$ (230,105)	$ (683,381)	$ (913,486)
2023	(227,152)	(625,954)	(853,106)
2024	(227,634)	(605,807)	(833,441)
2025	(209,827)	(563,240)	(773,067)
2026	(160,919)	(112,642)	(273,561)
Thereafter	(61,087)	(117,465)	(178,552)
	$ (1,116,724)	$ (2,708,489)	$ (3,825,213)

Actuarial Assumptions - SERS

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

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

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

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

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate	
Measurement Date	2.63 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 4.75 percent

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return 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 (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent 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. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e., municipal bond rate).

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	$ 4,436,326	$ 3,624,525	$ 2,979,141

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	$ 2,854,036	$ 3,624,525	$ 4,654,861

Actuarial Assumptions – STRS

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

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	Initial	Ultimate
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-6.69 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	11.87 percent	4.00 percent

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

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

The actuarial assumptions used in the June 30, 2020 valuation were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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

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

*Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent 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 liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as of June 30, 2020, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Asset	$ (2,106,219)	$ (2,420,760)	$ (2,687,638)

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Asset	$ (2,671,072)	$ (2,420,760)	$ (2,115,845)

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

NOTE 16: LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2021 were as follows:

	Restated Outstanding 6/30/2020	Additions	Reductions	Outstanding 6/30/2021	Amounts Due In One Year
Governmental Activities					
General Obligation Bonds:					
Refunding Bonds, Series 2016 4.0% - 3.780%					
Term Bonds	$ 9,050,000	$ -	$ 760,000	$ 8,290,000	$ 790,000
Premium	229,077	-	24,327	204,750	
Classroom Facilities and School Improvement Bonds, Series 2017A 2.0% - 4.0%					
Serial and Term Bonds	8,470,000	-	165,000	8,305,000	165,000
Premium	131,474	-	7,513	123,961	-
Classroom Facilities and School Improvement Bonds, Series 2017B 3.0% - 4.0%					
Serial Bonds	7,080,000	-	310,000	6,770,000	315,000
Premium	521,360	-	29,792	491,568	-
Library Improvement Bonds, Series 2020 1% - 4.0%					
Serial and Term Bonds	-	5,000,000	-	5,000,000	270,000
Premium	-	511,655	17,055	494,600	-
Total General Obligation Bonds	25,481,911	5,511,655	1,313,687	29,679,879	1,540,000
Direct Borrowing:					
Tax Anticipation Note, Series 2016 1.45%	308,000	-	308,000	-	-
Net Pension/OPEB Liability:					
Net Pension Liability	40,430,234	3,827,510	-	44,257,744	-
Net OPEB Liability	4,092,900	-	504,620	3,588,280	-
Total Net Pension/OPEB Liability	44,523,134	3,827,510	504,620	47,846,024	-
Other Long-Term Obligations:					
Capital Lease	8,139	-	8,139	-	-
Compensated Absences	2,815,299	1,993,963	1,525,626	3,283,636	712,012
Total Other Long-Term Obligations	2,823,438	1,993,963	1,533,765	3,283,636	712,012
Total Governmental Activities Long-Term Liabilities	$ 73,136,483	$ 11,333,128	$ 3,660,072	$ 80,809,539	$ 2,252,012

	Outstanding 6/30/2020	Additions	Reductions	Outstanding 6/30/2021	Amounts Due In One Year
Business-Type Activities					
Net Pension/OPEB Liability:					
Net Pension Liability	123,633	-	13,231	110,402	-
Net OPEB Liability	50,550	-	14,305	36,245	-
Total Business-Type Activities Long-Term Liabilities	$ 174,183	$ -	$ 27,536	$ 146,647	$ -

On June 2, 2016, the School District issued $10,980,000 in general obligation bonds with an interest rate of 3.780 percent to advance refund the callable portion of the School District's outstanding refunding bonds, series 2006. This bond is paid out of the Bond Retirement Fund. The serial and term bonds mature on December 1, 2026, and were callable on December 1, 2016. The general obligation bonds proceeds consisted of bond principal and $328,412 of premium and, after paying issuance costs of $110,200 and $3,295 deposited in the School District's Bond Retirement Fund, the net proceeds were $11,194,917. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are called on December 1, 2016. The advance refunding met the requirements of a debt defeasance and the serial and term bonds were removed from the District's government-wide financial statements.

As a result of the advance refunding, the School District reduced its total debt service requirements by $990,325, which resulted in an economic gain of $461, 547.

On February 27, 2017, the School District issued $8,975,000 in Classroom Facilities and School Improvement Bonds with an interest rate of 2.00 to 4.00 percent. The serial and term bonds mature on December 1, 2038. This bond is paid out of the Bond Retirement Fund.

On March 20, 2017, the School District issued $7,835,000 in Classroom Facilities and School Improvement Bonds with an interest rate of 3.00 to 4.00 percent. The serial bonds mature on December 1, 2038. This bond is paid out of the Bond Retirement Fund.

On March 17, 2016, the School District issued a Tax Anticipation Note for capital acquisitions in the amount of $1,500,000 with an interest rate of 1.45%. These notes will also be paid with voted and unvoted general property taxes receipted into the Permanent Improvement Fund and matured December 1, 2020.

On October 29, 2020, the School District issued $5,000,000 in Library Improvement Bonds with an interest rate of 3.00 to 4.00 percent. The serial bonds mature on December 1, 2035. This bond will be paid out of the Bond Retirement Fund. The bonds were issued for the purpose of adding to, remodeling, renovating, furnishing, equipping and otherwise improving the existing public library building and cleaning, equipping and improving the site.

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund in which employee's salaries are paid, with the General fund being the most significant. Compensated absences will also be paid from the fund from which employee's salaries are paid with the General Fund being the most significant fund. For additional information related to the net pension liability and net OPEB liability see Notes 14 and 15.

See further discussion of capital leases at Note 22.

All bonds and notes are direct obligations of the School District for which its full faith and credit are pledged for repayment.

The following is a summary of the School District's Future annual principal and interest requirements:

Fiscal Year	Refunding Bonds		Classroom Facilities and School Improvement Bonds		Library Improvement Bonds	
Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 790,000	$ 298,431	$ 480,000	$ 491,484	$ 270,000	$ 140,900
2023	820,000	268,002	490,000	482,191	285,000	138,125
2024	850,000	236,439	505,000	472,647	285,000	132,925
2025	885,000	203,648	510,000	462,279	295,000	127,675
2026	915,000	169,628	520,000	447,910	300,000	124,700
2027 - 2031	4,030,000	311,849	3,275,000	1,936,473	1,625,000	458,700
2032 - 2036	-	-	5,520,000	1,169,579	1,940,000	148,950
2037 - 2039	-	-	3,775,000	217,546	-	-
Total	$ 8,290,000	$ 1,487,997	$ 15,075,000	$ 5,680,109	$ 5,000,000	$ 1,271,975

NOTE 17: JOINTLY GOVERNED ORGANIZATIONS

Connect

Connect (formerly known as North Coast Council) is a jointly governed computer service bureau owned and operated by 2 educational service centers and 24 public school districts. The primary function of Connect is to provide to its members the support and leadership which enables organizations to achieve their objectives through innovative and cost effective shared technology solutions. Major areas of service provided by Connect include accounting, payroll, inventory, career guidance services, handicapped student tracking, pupil scheduling, attendance reporting and grade reporting. Connect is wholly owned by its member districts and is governed by a Board of Directors. Connect's current membership includes the Educational Service Center of Northeast Ohio, Educational Service Center of Lorain County, Educational Service Center of Medina County, and 26 school districts in Cuyahoga, Lorain, and Medina counties. Each year, the Board of Directors elects a Chairman, a Vice Chairman and a Recording Secretary. The Treasurer of the fiscal agent is a nonvoting, ex-officio member of the Board of Directors. The Educational Service Center of Northeast Ohio serves as the fiscal agent of Connect. The degree of control exercised by any participating school district is limited to its representation on the Board. Each school district supports Connect based upon a per pupil charge dependent upon the software packages used.

In fiscal year 2021, the School District paid $160,803 to Connect. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 5700 West Canal Road, Valley View, Ohio 44125.

Lorain County Joint Vocational School District

The Lorain County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school district's elected boards, which possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the board. During fiscal year 2021, the School District paid $1,892 to the Lorain County Joint Vocational School District. Financial Information can be obtained by contacting the Treasurer of the Lorain County Joint Vocational School District, 15181 State Route 58, Oberlin, Ohio 44074.

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among 249 school districts. The organization was formed to purchase quality products and services at the lowest possible cost to the member School Districts. Each School District supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating School Districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2021, the School District paid $103,152 to the Council. Financial information can be obtained by contacting the Executive Director/Treasurer of the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio, 44131.

Prepaid/Natural Gas Program

The School District participates in the Council's natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Constellation New Energy is serving as the supplier and program. There are currently over 165 participants in the program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). School Districts that paid more in estimated billings than their actual billings are issued credits on future billings in September until the credits are exhausted and School Districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

Lake Erie Regional Council of Governments

The Lake Erie Regional Council (LERC) is a jointly governed organization comprised of twelve school districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements to its members in dealing with problems of mutual concern such as health insurance. The LERC assembly consists of a superintendent or designated representative from each participating school district and the fiscal agent. LERC is governed by a Board of Directors chosen from the general membership.

The degree of control exercised by any participating school district is limited to its representation on the Board. In fiscal year 2021, the School District paid $4,071,323 to the Council. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, who serves as fiscal agent, at 1885 Lake Avenue, Elyria, Ohio.

NOTE 18: RELATED ORGANIZATIONS

The Amherst Public Library (the "Library") is a distinct and political subdivision of the State of Ohio governed by a Board of Trustees. The Board of Trustees, appointed by the Board of Education, possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District does serve as a taxing authority and issues 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 Library Board of Trustees. The Library is not considered part of the School District and its operations are not included within the accompanying financial statements. Financial information can be obtained by contacting the Clerk-Treasurer of the Amherst Public Library at 221 Spring Street, Amherst, Ohio 44001.

NOTE 19: CONTINGENCIES

Grants

The School 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

Litigation and Other Matters

The School District is not currently party to any legal proceedings.

State Foundation Funding

School district Foundation funding is based on the annualized full -time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2021 are finalized.

NOTE 20: SET-ASIDE CALCULATIONS

The School District is required by State statute to annually set aside, in the General fund, an amount based on a statutory formula for 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 improvements. Disclosure of this information is required by State statute.

	Capital Improvement Reserve
Set Aside Restricted Balance June 30, 2020	$ -
Current Year Set-Aside Requirement	642,714
Current Year Offsets	(1,530,831)
Total	$ (888,117)
Balance Carried Forward to Fiscal Year 2022	$ -
Set Aside Balance June 30, 2021	$ -

NOTE 21: COMMITMENTS

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are constraints imposed on fund balance for subsequent-year expenditures and may be reported as part of restricted, committed or assigned classifications of fund balance on the balance sheet.

As of June 30, 2021, the School District's significant commitments for encumbrances in the governmental funds were as follows:

		Amount
General Fund	$	273,417
Nonmajor Governmental Funds		355,618
	$	629,035

NOTE 22: CAPITALIZED LEASE – LESSEE DISCLOSURE

On July 9, 2013, the School District entered into a capitalized lease for the Stadium Lighting Project. Capital assets consisting of land improvement have been capitalized in the amount of $200,000. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2021, was $27,615, leaving a current book value of $144,770. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2021 totaled $8,139 paid by the Recreation Fund (a nonmajor governmental fund).

NOTE 23: COVID-19

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

NOTE 24: SUBSEQUENT EVENT

For fiscal year 2022, school district foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported $2,085,261 in revenues and expenditures/expenses related to these programs. Also during fiscal year 2021, the school district reported $760,254 in tuition and fees from the resident school districts which will be direct funded to the School District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each school district. The School District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

Required Supplementary Information

Amherst Exempted Village School District
Lorain County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Eight Fiscal Years (1)

	2021	2020	2019	2018
School Employees Retirement System (SERS)				
School District's Proportion of the Net Pension Liability	0.16691580%	0.16089890%	0.15586670%	0.16170610%
School District's Proportionate Share of the Net Pension Liability	$ 11,040,163	$ 9,626,863	$ 8,926,775	$ 9,661,582
School District's Covered Payroll	$ 5,934,979	$ 5,554,207	$ 5,317,022	$ 5,143,879
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	186.02%	173.33%	167.89%	187.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%
State Teachers Retirement System (STRS)				
School District's Proportion of the Net Pension Liability	0.13773919%	0.13985008%	0.14165006%	0.14606795%
School District's Proportionate Share of the Net Pension Liability	$ 33,327,983	$ 30,927,004	$ 31,145,668	$ 34,698,755
School District's Covered Payroll	$ 16,827,136	$ 16,267,557	$ 16,291,893	$ 16,174,721
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	198.06%	190.11%	191.17%	214.52%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.31%	75.29%

(1) Information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

2017	2016	2015	2014
0.16312760%	0.17002680%	0.16443700%	0.16443700%
$ 11,939,436	$ 9,701,894	$ 8,322,063	$ 9,778,541
$ 5,075,421	$ 5,125,015	$ 4,756,154	$ 4,677,392
235.24%	189.30%	174.97%	209.06%
62.98%	69.16%	71.70%	65.52%
0.15001044%	0.15198722%	0.15744926%	0.15744926%
$ 50,213,017	$ 42,004,823	$ 38,297,109	$ 45,619,266
$ 15,677,036	$ 16,064,057	$ 15,921,238	$ 16,980,877
320.30%	261.48%	240.54%	268.65%
66.80%	72.10%	74.70%	69.30%

See accompanying notes to the required supplementary information.

Amherst Exempted Village School District
Lorain County, Ohio
Required Supplementary Information
Schedule of the School District's Contributions - Pension
Last Ten Fiscal Years

	2021	2020	2019	2018
School Employees Retirement System (SERS)				
Contractually Required Contribution	$ 820,221	$ 830,897	$ 749,818	$ 717,798
Contributions in Relation to the Contractually Required Contribution	(820,221)	(830,897)	(749,818)	(717,798)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School District's Covered Payroll	$ 5,858,721	$ 5,934,979	$ 5,554,207	$ 5,317,022
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 2,450,576	$ 2,355,799	$ 2,277,458	$ 2,280,865
Contributions in Relation to the Contractually Required Contribution	(2,450,576)	(2,355,799)	(2,277,458)	(2,280,865)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School District's Covered Payroll	$ 17,504,114	$ 16,827,136	$ 16,267,557	$ 16,291,893
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

2017	2016	2015	2014	2013	2012
$ 720,143	$ 710,559	$ 675,477	$ 659,203	$ 647,351	$ 672,250
(720,143)	(710,559)	(675,477)	(659,203)	(647,351)	(672,250)
$ -	$ -	$ -	$ -	$ -	$ -
$ 5,143,879	$ 5,075,421	$ 5,125,015	$ 4,756,154	$ 4,677,392	$ 4,998,141
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%
$ 2,264,461	$ 2,194,785	$ 2,248,968	$ 2,069,761	$ 2,207,514	$ 2,316,074
(2,264,461)	(2,194,785)	(2,248,968)	(2,069,761)	(2,207,514)	(2,316,074)
$ -	$ -	$ -	$ -	$ -	$ -
$ 16,174,721	$ 15,677,036	$ 16,064,057	$ 15,921,238	$ 16,980,877	$ 17,815,954
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

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Amherst Exempted Village School District
Lorain County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability/(Asset)
Last Five Fiscal Years (1)

	2021	2020	2019	2018	2017
School Employees Retirement System (SERS)					
School District's Proportion of the Net OPEB Liability	0.16677300%	0.16476330%	0.15854070%	0.16408500%	0.16511690%
School District's Proportionate Share of the Net OPEB Liability	$ 3,624,525	$ 4,143,450	$ 4,398,348	$ 4,403,610	$ 4,706,441
School District's Covered Payroll	$ 5,934,979	$ 5,554,207	$ 5,317,022	$ 5,143,879	$ 5,075,421
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	61.07%	74.60%	82.72%	85.61%	92.73%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%
State Teachers Retirement System (STRS)					
School District's Proportion of the Net OPEB Liability (Asset)	0.13773900%	0.13985008%	0.14165006%	0.14606795%	0.15001044%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(2,420,760)	$ (2,316,252)	$ (2,276,170)	$ (5,699,033)	$ (8,022,597)
School District's Covered Payroll	16,827,136	$ 16,267,557	$ 16,291,893	$ 16,174,721	$ 15,677,036
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.39%	-14.24%	-13.97%	-35.23%	-51.17%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.10%	174.74%	176.00%	47.11%	37.30%

(1) Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Amherst Exempted Village School District
Lorain County, Ohio
Required Supplementary Information
Schedule of the School District's Contributions - OPEB
Last Ten Fiscal Years

	2021	2020	2019	2018
School Employees Retirement System (SERS)				
Contractually Required Contribution (1)	$ 89,732	$ 76,702	$ 127,045	$ 113,208
Contributions in Relation to the Contractually Required Contribution	(89,732)	(76,702)	(127,045)	(113,208)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School District's Covered Payroll	$ 5,858,721	$ 5,934,979	$ 5,554,207	$ 5,317,022
OPEB Contributions as a Percentage of Covered Payroll (1)	1.53%	1.29%	2.29%	2.13%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ -	$ -	$ -	$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School District's Covered Payroll	$ 17,504,114	$ 16,827,136	$ 16,267,557	$ 16,291,893
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

2017	2016	2015	2014	2013	2012
$ 106,678	$ 82,713	$ 125,230	$ 89,984	$ 89,055	$ 127,453
(106,678)	(82,713)	(125,230)	(89,984)	(89,055)	(127,453)
$ -	$ -	$ -	$ -	$ -	$ -
$ 5,143,879	$ 5,075,421	$ 5,125,015	$ 4,756,154	$ 4,677,392	$ 4,998,141
2.07%	1.63%	2.44%	1.89%	1.90%	2.55%
$ -	$ -	$ -	$ 159,212	$ 169,809	$ 178,160
-	-	-	(159,212)	(169,809)	(178,160)
$ -	$ -	$ -	$ -	$ -	$ -
$ 16,174,721	$ 15,677,036	$ 16,064,057	$ 15,921,238	$ 16,980,877	$ 17,815,954
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions - SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3.0 percent was used.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- 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.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Changes in Assumptions – STRS

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - SERS

With the authority granted to the Board under SB 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Changes in Benefit Terms - STRS

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Municipal Bond Index Rate:

Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare

Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare

Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

Changes in Assumptions – STRS

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from 4.93 percent to 9.62 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of 5.00 percent to -5.23 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Benefit Terms – STRS

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

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent 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 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal AL Number**	**Pass Through Entity Identifying Number**	**Provided Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	N/A		$300,238
COVID-19 School Breakfast Program	10.553	N/A		12,277
National School Lunch Program - Commodities	10.555	N/A		103,139
National School Lunch Program	10.555	N/A		735,856
COVID-19 National School Lunch Program	10.555	N/A		68,087
Total U.S. Department of Agriculture				**1,219,597**
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education				
Special Education Cluster				
Special Education_Grants to States	84.027	N/A		764,821
Special Education_Preschool Grants	84.173	N/A		23,040
Total Special Education Cluster				787,861
Title I Grants to Local Educational Agencies	84.010	N/A		320,548
Total Title I Grants to Local Educational Agencies				320,548
Improving Teacher Quality State Grants	84.367	N/A		87,765
Total Improving Teacher Quality State Grants				87,765
Student Support and Academic Enrichment Program	84.424A	N/A		157,263
Total Student Support and Academic Enrichment Program				157,263
COVID-19 - Elementary and Secondary School Emergency Relief Fund	84.425D	N/A		933,752
COVID-19 - Coronavirus Relief Fund	21.019	N/A		163,146
Passed Through City of Amherst				
COVID-19 - Coronavirus Relief Fund	21.019	N/A		122,922
Passed Through Lorain County				
COVID-19 - Coronavirus Relief Fund	21.019	N/A		10,000
Total Coronavirus Relief Fund				296,068
Passed Through Educational Service Center of Lorain County				
English Language Acquisition State Grants	84.365	N/A	2,059	2,059
Total U.S. Department of Education			**0**	**2,585,316**
Total Expenditures of Federal Awards			**$0**	**$3,804,913**

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Amherst Exempted Village School District (the District's) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – SUBRECIPIENTS

The District passes certain federal awards received from the Educational Service Center of Lorain County to other Districts or not-for-profit agencies (subrecipients). As Note B describes, the District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E – CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

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

NOTE G – MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2021
(CONTINUED)

NOTE H - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2020 to 2021.

Program Title	CFDA Number	Amount Transferred
Title I Grants to Local Educational Agencies	84.010	$ 79,506
Special Education Grants to States	84.027	$ 13,689
Improving Teacher Quality State Grants	84.367	$ 96
Student Support and Academic Enrichment Program	84.424A	$ 189

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OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Amherst Exempted Village School District
Lorain County
550 Milan Avenue
Amherst, Ohio 44001

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, the business-type activities, each major fund, and the aggregate remaining fund information of the Amherst Exempted Village School District, Lorain County, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 5, 2022, wherein we noted the District adopted GASB Statement No. 84, *Fiduciary Activities* and restated the governmental activities fund balance as of July 1, 2020. 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

Keith Faber
Auditor of State
Columbus, Ohio

May 5, 2022

88 East Broad Street
Columbus, Ohio 43215
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(800) 282-0370

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

Amherst Exempted Village School District
Lorain County
550 Milan Avenue
Amherst, Ohio 44001

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Amherst Exempted Village School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Amherst Exempted Village School District's major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Programs

In our opinion, Amherst Exempted Village School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

May 5, 2022

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	AL #84.425D - Elementary and Secondary School Emergency Relief Fund; Child Nutrition Cluster: National School Breakfast Program - AL #10.553; National School Lunch Program - AL #10.555
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE
KEITH FABER

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT

LORAIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 5/24/2022

88 East Broad Street, Columbus, Ohio 43215
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