



OHIO AUDITOR OF STATE
KEITH FABER



**EAST GUERNSEY LOCAL SCHOOL DISTRICT
GUERNSEY COUNTY
JUNE 30, 2021**

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GUERNSEY COUNTY
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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

East Guernsey Local School District
Guernsey County
P.O. Box 128
Old Washington, Ohio 43768

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Guernsey Local School District, Guernsey County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School 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 School 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 School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the 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 2S to the financial statements, during 2021, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Also, as discussed in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding these matters.

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 School District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards (the Schedule) 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 April 14, 2022, on our consideration of the School 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 School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

April 14, 2022

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East Guernsey Local School District
Guernsey County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

The discussion and analysis of the East Guernsey Local 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 increased \$1,031,712, which represents an 8 percent increase from the 2020 restated net position.
- Capital assets decreased \$701,476 during fiscal year 2021.
- Outstanding debt increased from \$678,950 to \$2,377,800.
- The School District implemented GASB Statement No. 84 resulting in the restatement of fund balance and net position in other governmental funds, governmental activities, private purpose trust funds, and custodial funds.

Using this Annual 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 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 School District, the general fund and permanent improvement 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, deferred outflows of resources, 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.

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(Unaudited)

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 the permanent improvement 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. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements.

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.

East Guernsey Local School District
Guernsey County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

The School District as a Whole

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		
	2021	Restated 2020	Change
Assets			
Current & Other Assets	\$ 21,176,791	\$ 16,643,702	\$ 4,533,089
Net OPEB Asset	727,059	706,800	20,259
Capital Assets	17,280,530	17,982,006	(701,476)
<i>Total Assets</i>	<u>39,184,380</u>	<u>35,332,508</u>	<u>3,851,872</u>
Deferred Outflows of Resources			
Pension & OPEB	3,586,037	3,873,902	(287,865)
<i>Total Deferred Outflows of Resources</i>	<u>3,586,037</u>	<u>3,873,902</u>	<u>(287,865)</u>
Liabilities			
Current & Other Liabilities	2,084,395	2,061,751	22,644
Long-Term Liabilities:			
Due Within One Year	667,297	353,217	314,080
Due In More Than One Year:			
Pension & OPEB	15,322,743	14,586,824	735,919
Other Amounts	2,250,135	863,811	1,386,324
<i>Total Liabilities</i>	<u>20,324,570</u>	<u>17,865,603</u>	<u>2,458,967</u>
Deferred Inflows of Resources			
Property Taxes	6,342,429	6,320,062	22,367
Pension & OPEB	1,928,473	1,877,512	50,961
<i>Total Deferred Inflows of Resources</i>	<u>8,270,902</u>	<u>8,197,574</u>	<u>73,328</u>
Net Position			
Net Investment in Capital Assets	16,853,619	17,299,711	(446,092)
Restricted	2,520,656	2,279,047	241,609
Unrestricted	(5,199,330)	(6,435,525)	1,236,195
<i>Total Net Position</i>	<u>\$ 14,174,945</u>	<u>\$ 13,143,233</u>	<u>\$ 1,031,712</u>

East Guernsey Local School District
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Management's Discussion and Analysis
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(Unaudited)

Collectively, the net pension liability (NPL), reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27* and the net OPEB liability, pursuant to GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, are the largest liabilities reported by the School District at June 30, 2021. 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 (NOA/NOL) to the reported net position and subtracting deferred outflows related to pension and the net OPEB assets.

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.

East Guernsey Local School District
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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 year end, capital assets represented 44 percent of total assets. Capital assets include land, CIP, land improvements, buildings and improvements, furniture and equipment and vehicles. The net investment in capital assets was \$16,853,619 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, \$2,520,656 or 18 percent, 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 \$5,199,330, which was primarily caused by GASB 68 and 75.

Equity in pooled cash and cash equivalents increased primarily due to unspent debt proceeds for the athletic complex project in addition to increases in property taxes and operating grants. Cash and cash equivalents with fiscal agent decreased primarily due to several large claims paid during the year which were offset by increased stop/loss receipts. Accounts receivable increased as a result of an increase in the stop/loss receivable in relation to the School Districts' Jefferson Health Plan (JHP).

Long-term liabilities increased as a result of the issuance of a lease-purchase agreement for the construction of an athletic complex.

There was a significant change in net pension/OPEB liability/asset for the School District. These fluctuations are due to changes in the retirement systems unfunded liabilities 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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Guernsey County, Ohio
Management's Discussion and Analysis
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(Unaudited)

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		
	2021	Restated 2020	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$ 2,206,735	\$ 2,057,863	\$ 148,872
Operating Grants	2,828,647	1,971,992	856,655
<i>Total Program Revenues</i>	<u>5,035,382</u>	<u>4,029,855</u>	<u>1,005,527</u>
General Revenues			
Property Taxes	7,527,763	7,224,888	302,875
Grants & Entitlements	6,320,446	6,243,071	77,375
Miscellaneous	445,786	241,774	204,012
<i>Total General Revenues</i>	<u>14,293,995</u>	<u>13,709,733</u>	<u>584,262</u>
<i>Total Revenues</i>	<u>19,329,377</u>	<u>17,739,588</u>	<u>1,589,789</u>
Program Expenses			
Instruction:			
Regular	7,748,968	7,812,607	(63,639)
Special	2,866,291	2,940,845	(74,554)
Vocational	214,020	352,828	(138,808)
Adult/Continuing	-	16,207	(16,207)
Student Intervention Services	5,333	12,150	(6,817)
Other	10,043	-	10,043
Support Services:			
Pupils	862,009	817,452	44,557
Instructional Staff	622,696	814,322	(191,626)
Board of Education	87,294	191,661	(104,367)
Administration	1,376,959	1,424,794	(47,835)
Fiscal	616,033	643,403	(27,370)
Operation and Maintenance of Plant	1,679,226	1,588,907	90,319
Pupil Transportation	1,030,607	1,121,616	(91,009)
Central	185,720	141,066	44,654
Operation of Non-Instructional/Shared Services:			
Food Service Operations	532,198	521,886	10,312
Community Services	3,196	8,078	(4,882)
Extracurricular Activities	438,372	563,916	(125,544)
Debt Service:			
Interest and Fiscal Charges	18,700	29,223	(10,523)
<i>Total Expenses</i>	<u>18,297,665</u>	<u>19,000,961</u>	<u>(703,296)</u>
<i>Change in Net Position</i>	1,031,712	(1,261,373)	2,293,085
<i>Net Position Beginning of Year</i>	13,143,233	14,304,357	(1,161,124)
<i>Restatement - See Note 2</i>	-	100,249	(100,249)
<i>Net Position End of Year</i>	<u>\$ 14,174,945</u>	<u>\$ 13,143,233</u>	<u>\$ 1,031,712</u>

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Guernsey County, Ohio
Management's Discussion and Analysis
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(Unaudited)

Operating grants increased primarily due to the introduction of the Elementary and Secondary School Emergency Relief (ESSER) and Broadband Ohio grants for Coronavirus relief coupled with increases in state and federal grants as students returned to in-school learning. Miscellaneous receipts increased primarily due to the Bureau of Worker's Compensation (BWC) rebate received by the School District.

Overall, program expenses decreased 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 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	7,748,968	7,812,607	5,446,407	5,886,419
Special	2,866,291	2,940,845	1,526,082	1,945,425
Vocational	214,020	352,828	152,040	290,848
Adult/Continuing	-	16,207	-	16,207
Student Intervention Services	5,333	12,150	5,313	11,086
Other	10,043	-	1,887	-
Support Services:				
Pupils	862,009	817,452	364,418	497,703
Instructional Staff	622,696	814,322	617,296	808,576
Board of Education	87,294	191,661	87,294	147,097
Administration	1,376,959	1,424,794	1,292,001	1,368,212
Fiscal	616,033	643,403	616,033	640,849
Operation and Maintenance of Plant	1,679,226	1,588,907	1,670,608	1,550,352
Pupil Transportation	1,030,607	1,121,616	1,026,884	1,121,616
Central	185,720	141,066	185,720	141,066
Operation of Non-Instructional/Shared Services:				
Food Service Operations	532,198	521,886	(119,749)	44,243
Community Services	3,196	8,078	(524)	4,204
Extracurricular Activities	438,372	563,916	371,873	467,980
Debt Service:				
Interest and Fiscal Charges	18,700	29,223	18,700	29,223
<i>Total Expenses</i>	<u>\$ 18,297,665</u>	<u>\$ 19,000,961</u>	<u>\$ 13,262,283</u>	<u>\$ 14,971,106</u>

Table 3 was not updated for the implementation of GASB 84. The total and net cost of services changes were primarily caused by the changes related to NPL/NOA/NOL, as previously discussed.

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The dependence upon general revenues for governmental activities is apparent. Nearly 72 percent of governmental activities are supported through taxes and other general revenues; such revenues are 74 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

Governmental Funds

The School District's major funds are accounted for using the modified accrual basis of accounting.

The general fund's net change in fund balance for fiscal year 2021 was an increase of \$1,433,581. This was primarily the result of increased tuition and fees and miscellaneous revenues in conjunction with reduced expenditures from conservative spending.

The fund balance of the permanent improvement fund increased by \$2,658,829 primarily due to unspent proceeds for the athletic complex project.

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 During the year, the School District amended the original budgeted revenues and other financing sources and original budgeted expenditures and other financing uses. The School District did not make any significant changes to revenues or appropriations.

Final Budget Compared to Actual Results Actual revenues and other financing sources were higher than final budgeted revenues and financing sources primarily due increases in property taxes and tuition and fees. Final budgeted appropriations and other financing sources were higher than the actual expenditures and other financing uses due to an overestimation of appropriations as compared to resources.

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East Guernsey Local School District
Guernsey County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

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	\$ 161,329	\$ 161,329
Infrastructure		
Land Improvements	2,106,542	2,188,624
Buildings and Improvements	13,822,633	14,477,204
Furniture and Equipment	727,151	690,385
Vehicles	394,633	464,464
Construction in Progress	68,242	-
<i>Total</i>	\$ 17,280,530	\$ 17,982,006

The decrease in capital assets was attributable to current year depreciation exceeding current year purchases. Also, nine buses were removed from the School District's fleet. See Note 8 for more information about the capital assets of the School District.

Debt

Table 5 summarizes debt outstanding. See Note 13 for additional details.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2021	2020
2011 Refunding Bonds	\$ 205,000	\$ 405,000
2012 House Bill 264 Notes	172,800	201,600
Lease-Purchase Agreements	2,000,000	72,350
<i>Total</i>	\$ 2,377,800	\$ 678,950

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 Matt Reed, Treasurer of East Guernsey Local School District, 65591 Wintergreen Road, Lore City, Ohio 43755 or email at matt.reed@eguernsey.k12.oh.us.

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East Guernsey Local School District
Guernsey County, Ohio
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 10,621,410
Cash and Cash Equivalents with Fiscal Agents	1,923,250
Investments in Segregated Accounts	61,515
Accounts Receivable	356,582
Intergovernmental Receivable	435,038
Taxes Receivable	7,778,996
Net OPEB Asset	727,059
Non-Depreciable Capital Assets	229,571
Depreciable Capital Assets, net	17,050,959
<i>Total Assets</i>	39,184,380
Deferred Outflows of Resources	
Pension	2,880,832
OPEB	705,205
<i>Total Deferred Outflows of Resources</i>	3,586,037
Liabilities	
Accounts Payable	180,986
Accrued Wages and Benefits	1,321,852
Accrued Vacation Payable	60,389
Contracts Payable	46,597
Retainage Payable	839
Intergovernmental Payable	309,793
Claims Payable	163,939
Long-Term Liabilities:	
Due Within One Year	667,297
Due In More Than One Year:	
Net Pension Liability	13,982,982
Net OPEB Liability	1,339,761
Other Amounts Due in More Than One Year	2,250,135
<i>Total Liabilities</i>	20,324,570
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	6,342,429
Pension	344,216
OPEB	1,584,257
<i>Total Deferred Inflows of Resources</i>	8,270,902
Net Position	
Net Investment in Capital Assets	16,853,619
Restricted for:	
Capital Outlay	906,917
Debt Service	246,439
Classroom Facilities	399,651
Federal Programs	114,410
Other Purposes	853,239
Unrestricted	(5,199,330)
<i>Total Net Position</i>	\$ 14,174,945

See accompanying notes to the basic financial statements.

East Guernsey Local School District
Guernsey 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
Governmental Activities				
Instruction:				
Regular	\$ 7,748,968	\$ 1,466,725	\$ 835,836	\$ (5,446,407)
Special	2,866,291	680,282	659,927	(1,526,082)
Vocational	214,020	-	61,980	(152,040)
Student Intervention Services	5,333	-	20	(5,313)
Other	10,043	-	8,156	(1,887)
Support Services:				
Pupils	862,009	2,836	494,755	(364,418)
Instructional Staff	622,696	-	5,400	(617,296)
Board of Education	87,294	-	-	(87,294)
Administration	1,376,959	-	84,958	(1,292,001)
Fiscal	616,033	-	-	(616,033)
Operation and Maintenance of Plant	1,679,226	36	8,582	(1,670,608)
Pupil Transportation	1,030,607	-	3,723	(1,026,884)
Central	185,720	-	-	(185,720)
Operation of Non-Instructional/Shared Services:				
Food Service Operations	532,198	7,189	644,758	119,749
Community Services	3,196	-	3,720	524
Extracurricular Activities	438,372	49,667	16,832	(371,873)
Debt Service:				
Interest and Fiscal Charges	18,700	-	-	(18,700)
Total	<u>\$ 18,297,665</u>	<u>\$ 2,206,735</u>	<u>\$ 2,828,647</u>	<u>(13,262,283)</u>

General Revenues

Property Taxes Levied for:

General Purposes	6,444,498
Capital Outlay	974,787
Classroom Facilities Maintenance	108,478
Grants and Entitlements not Restricted to Specific Programs	6,320,446
Investment Earnings	29,926
Miscellaneous	415,860
Total General Revenues	<u>14,293,995</u>
Change in Net Position	1,031,712
Net Position Beginning of Year (Restated, See Note 2)	<u>13,143,233</u>
Net Position End of Year	<u>\$ 14,174,945</u>

See accompanying notes to the basic financial statements.

East Guernsey Local School District
Guernsey County, Ohio
Balance Sheet
Governmental Funds
June 30, 2021

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 5,250,557	\$ 3,142,676	\$ 2,228,177	\$ 10,621,410
Investments in Segregated Accounts	-	-	61,515	61,515
Interfund Receivable	76,432	-	-	76,432
Intergovernmental Receivable	-	-	435,038	435,038
Taxes Receivable	6,686,552	979,621	112,823	7,778,996
<i>Total Assets</i>	<u>\$ 12,013,541</u>	<u>\$ 4,122,297</u>	<u>\$ 2,837,553</u>	<u>\$ 18,973,391</u>
Liabilities				
Accounts Payable	\$ 96,742	\$ 21,757	\$ 62,487	\$ 180,986
Accrued Wages and Benefits	1,223,443	-	98,409	1,321,852
Contracts Payable	-	46,597	-	46,597
Retainage Payable	-	839	-	839
Intergovernmental Payable	294,748	-	15,045	309,793
Interfund Payable	-	-	76,432	76,432
<i>Total Liabilities</i>	<u>1,614,933</u>	<u>69,193</u>	<u>252,373</u>	<u>1,936,499</u>
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	5,460,737	786,863	94,829	6,342,429
Unavailable Revenue	188,988	29,621	213,760	432,369
<i>Total Deferred Inflows of Resources</i>	<u>5,649,725</u>	<u>816,484</u>	<u>308,589</u>	<u>6,774,798</u>
Fund Balances				
Nonspendable	2,210	-	-	2,210
Restricted	-	1,973,370	2,288,749	4,262,119
Committed	-	1,263,250	-	1,263,250
Assigned	4,739,142	-	-	4,739,142
Unassigned	7,531	-	(12,158)	(4,627)
<i>Total Fund Balance</i>	<u>4,748,883</u>	<u>3,236,620</u>	<u>2,276,591</u>	<u>10,262,094</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 12,013,541</u>	<u>\$ 4,122,297</u>	<u>\$ 2,837,553</u>	<u>\$ 18,973,391</u>

See accompanying notes to the basic financial statements.

East Guernsey Local School District
Guernsey County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2021

Total Governmental Fund Balances		\$ 10,262,094
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		17,280,530
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental	\$ 210,937	
Delinquent Property Taxes	<u>221,432</u>	432,369
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets, liabilities, deferred outflows/inflows of resources of the internal service fund are included in governmental activities in the statement of net position.		2,115,893
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	727,059	
Deferred Outflows - Pension	2,880,832	
Deferred Outflows - OPEB	705,205	
Net Pension Liability	(13,982,982)	
Net OPEB Liability	(1,339,761)	
Deferred Inflows - Pension	(344,216)	
Deferred Inflows - OPEB	<u>(1,584,257)</u>	(12,938,120)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(205,000)	
House Bill 264 Notes	(172,800)	
Unamortized Bond Premium	(1,675)	
Lease Purchase	(2,000,000)	
Accrued Vacation Leave Payable	(60,389)	
Compensated Absences	<u>(537,957)</u>	<u>(2,977,821)</u>
<i>Net Position of Governmental Activities</i>		<u>\$ 14,174,945</u>

See accompanying notes to the basic financial statements.

East Guernsey Local School District
Guernsey County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property and Other Local Taxes	\$ 6,413,190	\$ 970,607	\$ 107,685	\$ 7,491,482
Intergovernmental	6,579,661	71,708	2,302,976	8,954,345
Investment Income	6,798	-	175	6,973
Tuition and Fees	2,131,366	-	-	2,131,366
Extracurricular Activities	2,669	-	49,834	52,503
Charges for Services	1,800	-	7,225	9,025
Rent	13,841	-	-	13,841
Contributions and Donations	4,986	-	127,590	132,576
Miscellaneous	414,165	-	1,695	415,860
<i>Total Revenues</i>	<u>15,568,476</u>	<u>1,042,315</u>	<u>2,597,180</u>	<u>19,207,971</u>
Expenditures				
Current:				
Instruction:				
Regular	6,146,676	-	736,238	6,882,914
Special	2,289,272	-	317,411	2,606,683
Vocational	193,245	-	-	193,245
Student Intervention Services	6,715	-	17	6,732
Other	-	-	3,000	3,000
Support Services:				
Pupils	427,061	-	346,583	773,644
Instructional Staff	527,455	-	12,452	539,907
Board of Education	84,228	-	-	84,228
Administration	1,180,078	6,500	95,074	1,281,652
Fiscal	551,710	21,947	2,264	575,921
Operation and Maintenance of Plant	1,353,553	254,169	107,101	1,714,823
Pupil Transportation	868,383	-	-	868,383
Central	164,728	-	-	164,728
Operation of Non-Instructional/Shared Services:				
Food Service Operations	-	-	494,243	494,243
Community Services	-	-	3,196	3,196
Extracurricular Activities	189,384	26,630	159,647	375,661
Capital Outlay	-	-	22,302	22,302
Debt Service				
Principal Retirement	28,800	72,350	200,000	301,150
Interest and Fiscal Charges	6,530	1,890	11,950	20,370
<i>Total Expenditures</i>	<u>14,017,818</u>	<u>383,486</u>	<u>2,511,478</u>	<u>16,912,782</u>
<i>Excess of Revenues Over Expenditures</i>	<u>1,550,658</u>	<u>658,829</u>	<u>85,702</u>	<u>2,295,189</u>
Other Financing Sources (Uses)				
Other Notes Issued	-	2,000,000	-	2,000,000
Transfers In	-	-	117,077	117,077
Transfers Out	(117,077)	-	-	(117,077)
<i>Total Other Financing Sources (Uses)</i>	<u>(117,077)</u>	<u>2,000,000</u>	<u>117,077</u>	<u>2,000,000</u>
<i>Net Change in Fund Balances</i>	1,433,581	2,658,829	202,779	4,295,189
<i>Fund Balances Beginning of Year, Restated (See Note 2)</i>	<u>3,315,302</u>	<u>577,791</u>	<u>2,073,812</u>	<u>5,966,905</u>
<i>Fund Balances End of Year</i>	<u>\$ 4,748,883</u>	<u>\$ 3,236,620</u>	<u>\$ 2,276,591</u>	<u>\$ 10,262,094</u>

See accompanying notes to the basic financial statements.

East Guernsey Local School District
Guernsey 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		\$ 4,295,189
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 220,216	
Current Year Depreciation	<u>(921,692)</u>	(701,476)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	61,997	
Income Tax	<u>36,281</u>	98,278
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	200,000	
House Bill 264 Notes	28,800	
Lease Purchase	<u>72,350</u>	301,150
Debt proceeds issued in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
Lease Purchase		(2,000,000)
Amortization of bond premium on bonds are not reported in the fund but are allocated as an expense over the life of the debt in the statement of activities.		
		1,670
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	1,111,200	
OPEB	<u>42,205</u>	1,153,405
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	(2,176,312)	
OPEB	<u>(31,579)</u>	(2,207,891)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		93,191
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.		
Accrued Vacation Leave Payable	1,420	
Compensated Absences	<u>(3,224)</u>	(1,804)
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$ 1,031,712</u></u>

See accompanying notes to the basic financial statements.

East Guernsey Local School District
Guernsey 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		Actual	Variance with Final Budget
	Original	Final		
Revenues and Other Financing Sources	\$ 14,650,994	\$ 14,637,306	\$ 15,560,452	\$ 923,146
Expenditures and Other Financing Uses	18,499,716	18,486,028	14,314,627	4,171,401
Net Change in Fund Balance	(3,848,722)	(3,848,722)	1,245,825	5,094,547
<i>Fund Balance Beginning of Year</i>	3,755,935	3,755,935	3,755,935	-
Prior Year Encumbrances Appropriated	92,787	92,787	92,787	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,094,547</u>	<u>\$ 5,094,547</u>

See accompanying notes to the basic financial statements.

East Guernsey Local School District
Guernsey County, Ohio
Statement of Fund Net Position
Proprietary Fund
June 30, 2021

	Governmental Activities
	Internal Service Fund
Assets	
<i>Current Assets:</i>	
Cash and Cash Equivalents with Fiscal Agents	\$ 1,923,250
Accounts Receivable	356,582
<i>Total Current Assets</i>	<i>2,279,832</i>
 <i>Current Liabilities:</i>	
Claims Payable	163,939
<i>Total Current Liabilities</i>	<i>163,939</i>
 Net Position	
Unrestricted	2,115,893
<i>Total Net Position</i>	<i>\$ 2,115,893</i>

See accompanying notes to the basic financial statements.

East Guernsey Local School District
Guernsey County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2021

	Governmental Activities
	Internal Service Fund
Operating Revenues	
Charges for Services	\$ 2,585,371
Other	119,380
<i>Total Operating Revenues</i>	<i>2,704,751</i>
Operating Expenses	
Purchased Services	983,907
Claims	1,650,781
<i>Total Operating Expenses</i>	<i>2,634,688</i>
<i>Operating Income</i>	<i>70,063</i>
Non-Operating Revenues	
Interest	23,128
<i>Change in Net Position</i>	<i>93,191</i>
<i>Net Position Beginning of Year</i>	<i>2,022,702</i>
<i>Net Position End of Year</i>	<i>\$ 2,115,893</i>

See accompanying notes to the basic financial statements.

East Guernsey Local School District
Guernsey County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2021

	Governmental Activities
	Internal Service Fund
Cash Flows from Operating Activities	
Cash Received from Customers	\$ 2,585,371
Cash Received from Other Operating Receipts	119,380
Cash Payments to Suppliers for Goods and Services	(983,907)
Cash Payments for Claims	(2,087,547)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<i>(366,703)</i>
Cash Flows from Investing Activities	
Interest	23,128
<i>Net (Decrease) in Cash and Cash Equivalents</i>	(343,575)
<i>Cash and Cash Equivalents, Beginning of Year</i>	2,266,825
<i>Cash and Cash Equivalents, End of Year</i>	\$ 1,923,250
Reconciliation of Operating Income to Net Cash Provided by (Used for) Operating Activities	
Operating Income	\$ 70,063
Adjustments:	
(Increase) Decrease in Assets and Deferred Outflows:	
Accounts Receivable	(356,582)
Increase (Decrease) in Liabilities and Deferred Inflows:	
Claims Payable	(80,184)
<i>Net Cash Provided by (Used For) Operating Activities</i>	\$ (366,703)

See accompanying notes to the basic financial statements.

East Guernsey Local School District
Guernsey County, Ohio
Statement of Fiduciary Net Position
Custodial Fund
June 30, 2021

	<u>Custodial</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 93</u>
<i>Total Assets</i>	<u>93</u>
Net Position	
Restricted for Individuals, Organizations, and Other Governments	<u>93</u>
<i>Total Net Position</i>	<u><u>\$ 93</u></u>

See accompanying notes to the basic financial statements.

East Guernsey Local School District
Guernsey County, Ohio
Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Fiscal Year Ended June 30, 2021

	<u>Custodial</u>
<i>Net Position Beginning of Year, Restated (See Note 2)</i>	<u>\$ 93</u>
<i>Net Position End of Year</i>	<u>\$ 93</u>

See accompanying notes to the basic financial statements.

East Guernsey Local School District
Guernsey County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The East Guernsey Local School District (the “School District”) was formed in 1976 with the consolidation of Zane Trace Local Schools and Madison Consolidated Local Schools. The School District is located in southeastern Ohio and encompasses the eastern 45 percent of Guernsey County.

The East Guernsey Local School District operates under a locally elected five member board form of government and provides educational services as authorized and mandated by state and federal agencies. The School Board controls the School District’s two instructional/support facilities, which provide services to approximately 1,030 students and other community members. The School District’s facilities are comprised of the Buckeye Trail Elementary/Middle School and the Buckeye Trail High School at the district educational campus; the Baker Activity Complex athletic fields and track; and the Board of Education and district administrative office.

Reporting Entity:

A 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 East Guernsey Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. 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.

No separate governmental units meet the criteria for inclusion as a component unit. The following activity is included within the reporting entity:

The School District participates in the Mid East Career and Technology Center, the Ohio Mid-Eastern Regional Educational Service Agency, the Metropolitan Educational Technology Association, and the Educational Regional Service System Region 12, which are defined as jointly governed organizations. The School District also participates in three public entity pools, the Ohio School Boards Association Workers’ Compensation Group Rating Plan, the Ohio School Plan insurance purchasing pool, and the Jefferson Health Plan, a risk sharing, claims servicing and insurance purchasing pool. These organizations are presented in Notes 14 and 15 to the basic financial statements.

East Guernsey Local School District
Guernsey County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

The statement of net position presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function 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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the 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 fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

B. Fund Accounting

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

East Guernsey Local School District
Guernsey County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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

Permanent Improvement Fund The permanent improvement fund accounts for financial resources to be used for the acquisitions, construction, or improvement of major capital facilities.

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

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service. The following is the School District's only proprietary fund:

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operation of the self-insurance program for employee medical, prescription drug, vision and dental claims.

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 only fiduciary fund is a custodial fund. The custodial fund is used to account for assets held by the School District as fiscal agent for the Ohio High School Athletic Association (OHSAA).

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 the total net position.

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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 funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activity.

The custodial fund is reported using the economic resources measurement focus and is excluded from the governmental activities. All assets and liabilities associated with the operation of this fund are included on the statement of fiduciary net position. The statement of changes in fiduciary net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

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 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. 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 taxes are levied (see Note 5). Revenue from grants 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 nonexchange transactions must also be available before it can be recognized.

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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, sales, grants, student fees and reimbursements.

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 represent 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 are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

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 until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property 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 a deferred inflow on both the government-wide statement of net position and 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 may include delinquent property taxes, grants and entitlements and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 10 and 11).

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. Cash and Cash Equivalents

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

During fiscal year 2021, investments were limited to nonnegotiable certificates of deposit and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit, which are reported at cost. Fair value is based on quoted market price or current share price.

During the year 2021, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$6,798 which includes \$3,871 assigned from other School District funds.

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 cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

F. Capital Assets

The only capital assets of the School District are general capital assets. 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 year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded as of the date received at their acquisition value. 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.

All reported capital assets are depreciated except for land and construction in progress. 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:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 - 50 Years
Buildings and Improvements	5 - 50 Years
Furniture and Equipment	5 - 20 Years
Vehicles	6 - 15 Years

G. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated on the statement of net position.

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H. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation when earned, for vacation eligible employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. The School District records a liability for accumulated unused sick leave for employees to the extent it is probable that the benefits will result in termination payments based upon an estimate of past experience of making termination payments for sick leave.

The sick leave benefit liability is reported on the government-wide financial statements. On the government fund financial statements, sick leave benefits are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

I. 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 proprietary funds are reported on the proprietary 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 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 fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

J. Pensions and Other Postemployment Benefits (OPEB)

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

K. Bond Discounts and Premiums

Bond premiums and bond discounts are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

On the governmental fund financial statements, governmental fund types recognize issuance costs, bond premiums, and bond discounts in the current period. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

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L. Internal Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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.

M. 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 governmental funds. The classifications are as follows:

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

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

Enabling legislation authorizes the School District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the School District can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

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 Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the School District Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. 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.

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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 the School District Board of Education or a School District official delegated that authority by resolution or by State Statute. The Board of Education has, by resolution, authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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.

N. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2021, there was no net position restricted by enabling legislation.

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

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses not meeting this determination are reported as non-operating.

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred in fiscal year 2021.

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Q. Estimates

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

R. Budgetary Data

All funds, other than custodial funds, are legally required to be appropriated. The major documents prepared are the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. 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 for all funds of the School District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer is given the authority to further allocate fund appropriations within all funds. Advances in/out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

In accordance with the Ohio Revised Code, the County Budget Commission has provided for the apportionment of undivided local government funds under an alternative method that has been approved by school districts in the County. Under this alternative method, the County Budget Commission has waived the requirement for the School District to adopt a tax budget; the Commission does require that the School District provide fiscal reports and projections on an annual basis.

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 statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate in effect when the final appropriations were passed by the Board.

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.

S. Implementation of New Accounting Principles and Restatement of Net Position/Fund Balance

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*.

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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 Balances

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

	Governmental Activities
Net Position, June 30, 2020	\$ 13,042,984
GASB Statement No. 84	100,249
Restated Net Position, June 30, 2020	\$ 13,143,233

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

	Other Governmental Funds
Fund Balance, June 30, 2020	\$ 1,973,563
GASB Statement No. 84	100,249
Restated Fund Balance, June 30, 2020	\$ 2,073,812

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

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	Fiduciary Funds		
	Private Purpose	Agency	Custodial
	Trust		
Net Position, June 30, 2020	\$ 74,504	\$ -	\$ -
GASB Statement No. 84	(74,504)	-	93
Adjustments:			
Assets	-	(25,838)	-
Liabilities	-	25,838	-
Restated Net Position, June 30, 2020	\$ -	\$ -	\$ 93

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - 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 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 restricted, committed or assigned fund balance (GAAP basis).
4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets.

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

Net Change in Fund Balance	
GAAP Basis	\$ 1,433,581
Net Adjustment for Revenue Accruals	(927)
Net Adjustment for Expenditure Accruals	(11,084)
Funds Budgeted Elsewhere **	11,934
Adjustment for Encumbrances	(187,679)
Budget Basis	\$ 1,245,825

** 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 fund on a GAAP basis. This includes the uniform school supplies, and public school support funds.

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NOTE 4 – DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies that 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, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio);
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

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Cash and Cash Equivalents with Fiscal Agent - At June 30, 2021, the School District’s internal service fund had a balance of \$1,923,250 with the Jefferson Health Plan, a public entity, risk sharing, claims servicing and insurance purchasing pool (see Note 15). The money is held by the claims servicing pool in a pooled account, which is representative of numerous entities and therefore cannot be included in the risk disclosures reported by the School District. The classification of cash and cash equivalents for the Jefferson Health Plan as a whole may be obtained from the Plan’s fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan, Treasurer, 2023 Sunset Blvd., Steubenville, Ohio 43952.

Cash on Hand - At June 30, 2021 the School District had \$150 in undeposited cash on hand, which is included as part of “Equity in Pooled Cash and Investments.”

Deposits - At year-end, \$8,438,043 of the School District’s bank balance of \$8,749,558 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions’ trust department in the School District’s name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. 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 market 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 required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

Investments are reported at fair value. As of June 30, 2021 the School District had the following investment:

<u>Rating</u>	<u>Entity</u>	<u>Measurement Amount</u>	<u>Investment Maturities in months (0-6)</u>	<u>Percentage of Total Investment</u>
	Net Asset Value (NAV):			
AAAm	STAR Ohio	\$ 1,976,833	\$ 1,976,833	100.00%

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Interest Rate Risk The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years, and allows for the withdrawal of funds from approved public depositories or sale of negotiable instruments prior to maturity. State statute requires that an investment mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

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 to 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.

Credit Risk The School District's investments at June 30, 2021 are rated as shown above by Standard & Poor's. The School District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk. The School District places no limit on the amount that may be invested in any one issuer. The table above includes the percentage to total of each investment type held by the School District at June 30, 2021.

NOTE 5 - 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 tax 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 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien 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 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Guernsey 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 of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are 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 inflows of resources.

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On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported 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	\$ 289,268,760	94%	\$ 293,208,390	94%
Public Utility Personal Property	18,404,710	6%	18,749,330	6%
Total	\$ 307,673,470	100%	\$ 311,957,720	100%
Full Tax Rate per \$1,000 of assessed valuation	\$ 26.50		\$ 26.50	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2021, consisted of property taxes, accounts, intergovernmental and interfund. All receivables, except property taxes, 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. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

NOTE 7 – INTERFUND ACTIVITY

A. Interfund Balances

Interfund balances at June 30, 2021, consist of the following interfund receivables and payables:

	Interfund Receivable	Interfund Payable
General	\$ 76,432	\$ -
Other Governmental:		
ESSER	-	733
Broadband Ohio	-	31,114
Straight A	-	639
Title I	-	41,762
Title II-A	-	1,640
Title VI-B	-	544
Total	\$ 76,432	\$ 76,432

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30, 2021. The outstanding advances are expected to be repaid once the anticipated revenues are received.

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B. Interfund Transfers

During fiscal year 2021, the general fund transferred \$116,518 to the athletic fund to provide additional resources for current operations. The principal's fund transferred \$559 to the student activities fund resulting from excess funds from a Washington D.C. trip fundraiser.

NOTE 8 - CAPITAL ASSETS

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

	Balance 6/30/2020	Additions	Reductions	Balance 6/30/2021
Governmental Activities				
<i>Capital Assets, not Being Depreciated</i>				
Land	\$ 161,329	\$ -	\$ -	\$ 161,329
Construction in Progress	-	68,242	-	68,242
	<u>161,329</u>	<u>68,242</u>	<u>-</u>	<u>229,571</u>
<i>Capital Assets, Being Depreciated</i>				
Land Improvements	3,021,466	-	-	3,021,466
Buildings and Improvements	26,687,295	-	-	26,687,295
Furniture and Equipment	1,224,996	103,607	-	1,328,603
Vehicles	2,293,962	48,367	(513,054)	1,829,275
	<u>33,227,719</u>	<u>151,974</u>	<u>(513,054)</u>	<u>32,866,639</u>
<i>Total Capital Assets, Being Depreciated</i>				
Less: Accumulated Depreciation				
Land Improvements	(832,842)	(82,082)	-	(914,924)
Buildings and Improvements	(12,210,091)	(654,571)	-	(12,864,662)
Furniture and Equipment	(534,611)	(66,841)	-	(601,452)
Vehicles	(1,829,498)	(118,198)	513,054	(1,434,642)
	<u>(15,407,042)</u>	<u>(921,692) *</u>	<u>513,054</u>	<u>(15,815,680)</u>
<i>Total Accumulated Depreciation</i>				
<i>Total Capital Assets Being Depreciated, Net</i>	<u>17,820,677</u>	<u>(769,718)</u>	<u>-</u>	<u>17,050,959</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 17,982,006</u>	<u>\$ (701,476)</u>	<u>\$ -</u>	<u>\$ 17,280,530</u>

* Depreciation expense was charged to governmental activities as follows:

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Instruction:	
Regular	\$ 412,036
Special	113,969
Vocational	16,452
Support Services:	
Pupil	48,278
Instructional Staff	47,660
Board of Education	3,066
Administration	19,531
Fiscal	2,081
Operation and Maintenance of Plant	49,044
Pupil Transportation	115,872
Operation of Non-Instructional Services	25,267
Extracurricular Activities	68,436
<i>Total Depreciation</i>	\$ 921,692

NOTE 9 - 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 omission; injuries to employees; and natural disasters. During fiscal year 2021, the School District contracted with the Ohio School Plan for property insurance and boiler and machinery coverage. The policies include a \$1,000 deductible for property losses and crimes. Professional and general liability is also protected by the Ohio School Plan with a \$3,000,000 single occurrence limit and a \$5,000,000 general aggregate limit, and no deductible. Violence coverage is provided by the Ohio School Plan with an aggregate limit of \$1,000,000. Vehicles are covered by the Ohio School Plan Educational Automobile Insurance plan, with a \$1,000 deductible for comprehensive and collision for school buses, and a \$250 deductible for comprehensive and a \$500 deductible for collision for non-bus vehicles. Automobile liability has a \$3,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

For fiscal year 2021, the School District participated in the Ohio School Boards Association Workers' Compensation Group rating Program (the Plan), an insurance purchasing pool (see Note 15). The plan is intended to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its rate. Total savings is then calculated and each participant's individual performance is compared to the overall savings of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling fund" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The school districts apply for participation each year. The firm of Comp Management Inc provides administrative, cost control and actuarial services to the Plan. Each year, the School District pays an enrollment fee to the Plan to cover the costs of administering the program.

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Health and dental coverages are provided on a self-insured basis through the Jefferson Health Plan. A third party administrator, Self-Funded Plans, Inc, reviews and pays the claims. For fiscal year 2021, the School District paid monthly premiums of \$2,310 for family coverage (full rate \$2,596) and \$972 for individual coverage (full rate \$1,093). Monthly premiums for dental coverage were \$71 for family and \$28 for single coverage, paid in full by the Board. In January of 2017, the School District’s administrators and exempt staff moved to a high deductible HSA insurance plan. The total monthly rates for this plan are \$1,686 for family and \$708 for single, paid 100 percent by the Board. Usually, premiums are charged to the same fund(s) that pay the employees’ salaries. However, if state and/or federal program grant funding is not sufficient to cover those costs, the general fund will pay the difference, or the full amount if necessary.

The claims liability of \$163,939 reported in the internal service fund at June 30, 2021 is based on information provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in claims activity for the past two fiscal years are as follows:

		Balance at Beginning of Year	Claims	Payments	Balance at End of Year
2020	\$	117,231	\$ 2,051,921	\$ 1,925,029	\$ 244,123
2021	\$	244,123	\$ 2,007,363 *	\$ 2,087,547	\$ 163,939

* At June 30 , 2021, the School District reported a receivable for stop loss in the amount of \$356,582, which reduced claims expense in the current year.

NOTE 10 – DEFINED BENEFIT PENSION PLANS

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.

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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 11 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	Age 65 with 5 years of service credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on 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.

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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. In 2020, the Board of Trustees approved a 0.5 percent COLA for eligible retirees and beneficiaries in 2021.

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 \$307,088 for fiscal year 2021. Of this amount, \$20,837 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.

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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 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 \$804,112 for fiscal year 2021. Of this amount, \$131,612 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:

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	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.06006940%	0.04136916%	
Prior Measurement Date	0.06017120%	0.04267502%	
Change in Proportionate Share	<u>-0.00010180%</u>	<u>-0.00130586%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 3,973,117	\$ 10,009,865	\$ 13,982,982
Pension Expense	\$ 648,839	\$ 1,527,473	\$ 2,176,312

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			
Differences between Expected and Actual Experience	\$ 7,717	\$ 22,461	\$ 30,178
Net Difference between Projected and Actual Earnings on Pension Plan Investments	252,211	486,781	738,992
Changes of Assumptions	-	537,338	537,338
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	86,309	376,815	463,124
School District Contributions Subsequent to the Measurement Date	<u>307,088</u>	<u>804,112</u>	<u>1,111,200</u>
Total Deferred Outflows of Resources	<u>\$ 653,325</u>	<u>\$ 2,227,507</u>	<u>\$ 2,880,832</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ -	\$ 64,007	\$ 64,007
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	<u>5,023</u>	<u>275,186</u>	<u>280,209</u>
Total Deferred Inflows of Resources	<u>\$ 5,023</u>	<u>\$ 339,193</u>	<u>\$ 344,216</u>

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\$1,111,200 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ 82,879	\$ 500,108	\$ 582,987
2023	74,245	192,128	266,373
2024	105,126	239,710	344,836
2025	78,964	152,256	231,220
	\$ 341,214	\$ 1,084,202	\$ 1,425,416

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 2030.

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

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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	<u>100.00 %</u>	

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	\$ 5,442,685	\$ 3,973,117	\$ 2,740,121

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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
Actuarial 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:

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

*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.

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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	\$ 14,252,305	\$ 10,009,865	\$ 6,414,750

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 11 – DEFINED BENEFIT OPEB PLANS

See Note 10 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 Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 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

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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 \$42,205, 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 Date	0.06164600%	0.04136900%	
Prior Measurement Date	0.06161000%	0.04267500%	
Change in Proportionate Share	<u>0.00003600%</u>	<u>-0.00130600%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 1,339,761	\$ (727,059)	
OPEB Expense	\$ 50,699	\$ (19,120)	\$ 31,579

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

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	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 17,597	\$ 46,587	\$ 64,184
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	15,094	25,480	40,574
Changes of Assumptions	228,385	12,002	240,387
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	221,104	96,751	317,855
School District Contributions Subsequent to the Measurement Date	42,205	-	42,205
Total Deferred Outflows of Resources	\$ 524,385	\$ 180,820	\$ 705,205
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 681,366	\$ 144,820	\$ 826,186
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	-	-
Changes of Assumptions	33,746	690,583	724,329
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	10,347	23,395	33,742
Total Deferred Inflows of Resources	\$ 725,459	\$ 858,798	\$ 1,584,257

\$42,205 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ (40,084)	\$ (163,637)	\$ (203,721)
2023	(38,993)	(146,390)	(185,383)
2024	(39,168)	(140,335)	(179,503)
2025	(47,242)	(154,405)	(201,647)
2026	(52,569)	(37,775)	(90,344)
Thereafter	(25,223)	(35,436)	(60,659)
	\$ (243,279)	\$ (677,978)	\$ (921,257)

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.

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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.

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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:

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

Discount Rate The 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, 2020 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 no 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, 2034. 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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	School District's Proportionate Share of the Net OPEB Liability	\$ 1,639,844	\$ 1,339,761

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
	School District's Proportionate Share of the Net OPEB Liability	\$ 1,054,966	\$ 1,339,761

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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	<u>Initial</u>	<u>Ultimate</u>
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:

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

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*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. 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 Liability (Asset)	\$ (632,589)	\$ (727,059)	\$ (807,214)
	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (802,239)	\$ (727,059)	\$ (635,480)

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 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Employees who work 260 days earn ten to twenty-five days of vacation per year, depending upon length of service and/or Board action. Current policy permits vacation leave to be accumulated up to one year. Accumulated, unused vacation time is paid to eligible employees upon termination of employment. Employees who work less than 260 days do not earn vacation time. All employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 250 days for all employees. Upon retirement, payment is made for one-fourth of accrued and unused sick leave credit, (or otherwise if individually contracted) if SERS/STRS retirement prerequisites are met.

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B. Other Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to all regular employees through Metropolitan Life Insurance Company in the amount of \$20,000 per employee, with administrative personnel being provided \$50,000 of coverage. Supplemental life insurance coverage of \$20,000 for certified employees and \$30,000 for classified employees is purchased by some employees via payroll deduction at a cost of \$0.17 per \$1,000 per month. Vision insurance through Vision Service Plan (VSP) is available to employees enrolling in a mandatory steerage preferred provider organization plan. Those premiums were \$21 per month for family coverage, \$9 per month for single coverage and are paid in full by the Board of Education.

NOTE 13 - LONG TERM OBLIGATIONS

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

	Outstanding 6/29/2020	Additions	Reductions	Outstanding 6/29/2021	Amounts Due in One Year
Governmental Activities:					
<i>General Obligation Bonds:</i>					
<i>2011 Refunding Bonds</i>					
Serial Bonds	\$ 405,000	\$ -	\$ (200,000)	\$ 205,000	\$ 205,000
Premium	3,345	-	(1,670)	1,675	-
<i>Total General Obligation Bonds</i>	<u>408,345</u>	<u>-</u>	<u>(201,670)</u>	<u>206,675</u>	<u>205,000</u>
<i>Direct Borrowings:</i>					
<i>2012 Energy Conservation Notes</i>					
Series 2012	201,600	-	(28,800)	172,800	28,800
Bus Lease-Purchase	72,350	-	(72,350)	-	-
Infrastructure Bank Lease-Purchase	-	2,000,000	-	2,000,000	388,973
<i>Total Direct Borrowings</i>	<u>273,950</u>	<u>2,000,000</u>	<u>(101,150)</u>	<u>2,172,800</u>	<u>417,773</u>
Net Pension Liability	13,037,472	945,510	-	13,982,982	-
Net OPEB Liability	1,549,352	-	(209,591)	1,339,761	-
Compensated Absences	534,733	69,629	(66,405)	537,957	44,524
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$ 15,803,852</u>	<u>\$ 3,015,139</u>	<u>\$ (578,816)</u>	<u>\$ 18,240,175</u>	<u>\$ 667,297</u>

2011 General Obligation Refunding Bonds

On April 21, 2011, the School District issued \$1,520,000 in voted general obligation bonds (the 2011 bonds) which included serial and term bonds to refund the 2002 Bonds. The bonds were issued to partially refund outstanding 2002 School Facilities Construction Improvement and Refunding General Obligation Bonds. The bonds were issued with a variable interest rate of 2.0 to 4.0 percent for an 11 year period with a final maturity at December 1, 2021. At the date of refunding, \$1,478,478 (including premium and after underwriting fees, and other issuance costs), as well as \$700,000 provided from current School District resources paid from the debt service fund, was deposited in an escrow account to be used to fully call and repay the refunded bonds.

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The bonds were issued at a premium of \$18,375, which is reported as an increase to bonds payable. This premium is being amortized to interest expense over the life of the bonds using the straight-line method. The amount amortized in fiscal year 2021 was \$1,670. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$566,176 and an economic gain of \$162,831.

The bonds are being retired from the debt service fund from the proceeds of a bond issue tax levy. The bonds are not subject to redemption prior to stated maturity.

As part of the bond issuance, the School District, pursuant to Section 3317.18, Ohio Revised Code, and Section 3301-8-01, Ohio Administrative Code, participated in the Ohio Credit Enhancement Program, and was assigned a rating of AA from Standard & Poor's for the bond issuance. In the event the School District is unable to make sufficient debt service payments and the payment will not be made by a credit enhancement facility, the department of education will make the sufficient payment.

Principal and interest requirements to retire the refunding bonds at June 30, 2021 are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>
2022	<u>\$ 205,000</u>	<u>\$ 4,100</u>

2012 Energy Conservation Notes

On March 21, 2012, the School District issued \$432,000 in energy conservation notes (the 2012 notes) to pay for the cost of energy conservation capital upgrades. The notes were issued with an interest rate of 3.5 percent for a 15 year period with a final maturity at December 1, 2026.

The notes are being retired from the general fund from the resulting savings in energy costs. The notes are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any date at a redemption price equal to 100 percent of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

The notes are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts below.

Principal and interest requirements to retire the 2012 note at June 30, 2021 are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>
2022	\$ 28,800	\$ 5,544
2023	28,800	4,536
2024	28,800	3,528
2025	28,800	2,520
2026	28,800	1,512
2027	28,800	504
	<u>\$ 172,800</u>	<u>\$ 18,144</u>

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Bus Lease-Purchase Agreement

During fiscal year 2017, the School District entered into a lease-purchase agreement for four school buses. The buses were capitalized in the amount of \$351,965 representing the present value of the minimum lease payments at the time of the acquisition. In the event of default, as defined by the lease agreement, the amounts payable by the School District may become due. If payments are not made, the lessor may retake possession of the buses and hold the School District liable for amounts payable. The lease-purchase was paid in full as of June 30, 2021.

Athletic Complex Lease-Purchase Agreement

During fiscal year 2021, the School District entered into a lease-purchase agreement with the Jefferson Health Plan (JHP) for the construction of an athletic complex in the amount of \$2,000,000. In the event of default, as defined by the lease agreement, JHP may terminate the lease-purchase and take immediate possession of the project. Amounts payable by the School District will become due, and the School District will be held liable for amounts payable and any legal costs incurred by JHP.

Principal and interest requirements to retire the lease-purchase agreement at June 30, 2021 are as follows:

Fiscal Year	<u>Principal</u>	<u>Interest</u>
2022	\$ 388,973	\$ 33,249
2023	390,097	32,125
2024	398,418	23,804
2025	406,916	15,305
2026	415,596	6,625
	<u>\$ 2,000,000</u>	<u>\$ 111,108</u>

Compensated absences will be paid from the general fund and food service and the lease-purchase agreement is paid from the permanent improvement fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Notes 10 and 11.

NOTE 14 – JOINTLY GOVERNED ORGANIZATIONS

Mid East Career and Technology Center - The Mid East Career and Technology Center (MECTC) 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 twelve participating school district's elected boards, which possesses its own budgeting and taxing authority. During fiscal year 2021, the School District made no contributions to the MECTC. To obtain financial information write to the Mid East Career and Technology Center, Treasurer, at 400 Richards Road, Zanesville, Ohio 45701.

Ohio Mid-Eastern Regional Educational Service Agency - The Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) was created as a separate regional council of governments pursuant to State statutes. OME-RESA operates under the direction of a Board comprised of a representative from each participating school district. The Board possesses its own budgeting and taxing authority. OME-RESA provides information technology and internet access to member districts, as well as cooperative purchasing

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For the Fiscal Year Ended June 30, 2021

programs. During fiscal year 2021, the total amount paid to OME-RESA from the School District for services provided was \$42,598. The Jefferson County Educational Service Center serves as the fiscal agent and receives funding from the State Department of Education. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2023 Sunset Blvd., Steubenville, Ohio 43952.

META Solutions - The School District is a participant in META (Metropolitan Educational Technology Association) Solutions. META Solutions is an association of public school districts throughout Ohio. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of META Solutions consists of the superintendent from 11 member districts. During fiscal year 2021, the School District made no payments to META Solutions. Financial information can be obtained from the Metropolitan Educational Technology Association, 100 Executive Drive, Marion, Ohio 43302.

Educational Regional Service System Region 12 - The School District participates in the Educational Regional Service System Region 12 (ERSS), a jointly governed organization consisting of educational entities within Belmont, Carroll, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Muskingum, Noble and Tuscarawas counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts.

The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the Muskingum Valley Educational Service Center, 205 N. Seventh Street, Zanesville, Ohio 43701.

NOTE 15 - PUBLIC ENTITY POOLS

A. Insurance Purchasing Pools

Ohio School Boards Association Workers' Compensation Group Rating Plan - The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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Ohio School Plan – The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP’s business is conducted by a fifteen member Board of Directors consisting of school district superintendents and treasurers, as well as a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims and establishing agreements between OSP and member schools.

B. Risk Sharing, Claims Servicing and Insurance Purchasing Pool

Jefferson Health Plan - The School District participates in the Jefferson Health Plan (the Plan) self-insurance plan, a risk-sharing, claims servicing, and insurance purchasing pool comprised of eighty-four members, including two insurance consortiums. Each participant appoints a member of the insurance plan’s assembly. The Plan’s business and affairs are conducted by a nine member Board of Directors elected from the assembly. The Plan offers medical, dental and prescription drug coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance and vision insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit, which can range from \$35,000 to \$150,000 under which the individual member is responsible for all claims through the claims servicing pool.

Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$500,000, and all claims between the deductible and the \$500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan participants. All participants pay a premium rate that is actuarially calculated based on the participants’ actual claims experience which are utilized for the payment of claims within the claims servicing pool up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for participation in the internal pool that is based on the claims of the internal pool in aggregate and is not based on individual claims experience. In the event of a deficiency in the internal pool, participants would be charged a higher rate for participation, and in the event of a surplus, the internal pool pays dividends to the participants. For all individual claims exceeding \$500,000, stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services. The plan also purchases fully insured life insurance for plan participants provided by Met Life, and allows for the purchase of vision insurance through Vision Service Plan.

NOTE 16 – CONTINGENCIES AND COMMITMENTS

A. 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. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2021, if applicable, cannot be determined at this time.

East Guernsey Local School District
Guernsey County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

B. Litigation

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect of the basic financial statements.

C. School District Foundation

School district Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2021 are finalized. As a result, the net impact of the FTE adjustments on the fiscal year 2021 financial statements was a liability of \$1,694 for the School District.

D. Other Commitments

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

<u>Fund</u>	<u>Amount</u>
General	\$ 54,819
Permanent Improvement	93,367
Nonmajor Governmental	<u>70,585</u>
	<u>\$ 218,771</u>

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East Guernsey Local School District
Guernsey County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 17 – FUND BALANCE

Fund balance can be classified as non-spendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School district is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General	Permanent Improvement Fund	Other Governmental Funds	Total
Nonspendable for:				
Unclaimed Monies	\$ 2,210	\$ -	\$ -	\$ 2,210
Restricted for:				
Debt Service	-	-	246,439	246,439
Capital Outlay	-	1,973,370	886,111	2,859,481
Facilities Maintenance	-	-	396,828	396,828
Miscellaneous Local Programs	-	-	479,106	479,106
Miscellaneous State Programs	-	-	275,923	275,923
Miscellaneous Federal Programs	-	-	4,342	4,342
Total Restricted	<u>-</u>	<u>1,973,370</u>	<u>2,288,749</u>	<u>4,262,119</u>
Committed for:				
Capital Outlay	<u>-</u>	<u>1,263,250</u>	<u>-</u>	<u>1,263,250</u>
Assigned for:				
Encumbrances:				
Instruction	4,148	-	-	4,148
Support Services	50,671	-	-	50,671
Subsequent Year Appropriations	<u>4,684,323</u>	<u>-</u>	<u>-</u>	<u>4,684,323</u>
Total Assigned	<u>4,739,142</u>	<u>-</u>	<u>-</u>	<u>4,739,142</u>
Unassigned	7,531	-	(12,158)	(4,627)
<i>Total Fund Balance (Deficit)</i>	<u>\$ 4,748,883</u>	<u>\$ 3,236,620</u>	<u>\$ 2,276,591</u>	<u>\$ 10,262,094</u>

East Guernsey Local School District
Guernsey County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Deficit Fund Balance

Fund balances at June 30, 2021 included the following individual fund deficits:

Non-major Special Revenue Funds:

Athletic	\$	149
Straight A		638
IDEA, Part B		1,571
Miscellaneous Federal Programs		9,800
<i>Total</i>	<u>\$</u>	<u>12,158</u>

The deficit in the funds result from adjustments for accrued liabilities. The general fund is liable for any deficit in the non-major governmental funds and will provide transfers when cash is required, not when accruals occur.

NOTE 18 - 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 the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

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

		<u>Capital Improvements</u>
Set-aside Restricted Balance as of June 30, 2020	\$	0
Current Year Set-aside Requirement		185,455
Current Year Offsets		<u>(1,184,574)</u>
Totals	<u>\$</u>	<u>(999,119)</u>
Balance Carried Forward to Fiscal Year 2022	<u>\$</u>	<u>0</u>
Set-aside Restricted Balance as of June 30, 2021	<u>\$</u>	<u>0</u>

The School District had offsets that reduced the capital improvements set-aside amount to below zero. This excess may not be carried forward to offset future year set-aside requirements. The School District also had prior year debt proceeds in connection with a school facilities project that may be carried forward to offset future set-aside requirements, if needed.

East Guernsey Local School District
Guernsey County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 19 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 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. The School District's investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

NOTE 20 – 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 and scholarship funding will be directly funded by the State of Ohio to the respective 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 respective school. For fiscal year 2021, the School District reported \$128,628 in revenues and expenditures/expenses related to these programs. 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.

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East Guernsey Local School District
Guernsey County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Eight Fiscal Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>School Employees Retirement System (SERS)</i>				
School District's Proportion of the Net Pension Liability	0.06006940%	0.06017120%	0.05252490%	0.04919910%
School District's Proportionate Share of the Net Pension Liability	\$ 3,973,117	\$ 3,600,148	\$ 3,008,198	\$ 2,939,538
School District's Covered Payroll	\$ 2,095,121	\$ 2,239,015	\$ 1,450,919	\$ 1,682,929
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	189.64%	160.79%	207.33%	174.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%
<i>State Teachers Retirement System (STRS)</i>				
School District's Proportion of the Net Pension Liability	0.04136916%	0.04267502%	0.04178519%	0.03996085%
School District's Proportionate Share of the Net Pension Liability	\$ 10,009,865	\$ 9,437,324	\$ 9,187,625	\$ 9,492,786
School District's Covered Payroll	\$ 4,500,329	\$ 5,023,293	\$ 4,878,686	\$ 4,412,079
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	222.43%	187.87%	188.32%	215.15%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.31%	75.30%

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
0.05047700%	0.05096620%	0.04752600%	0.04752600%
\$ 3,694,451	\$ 2,908,181	\$ 2,405,264	\$ 2,826,219
\$ 1,426,593	\$ 1,527,701	\$ 1,384,322	\$ 1,302,486
258.97%	190.36%	173.75%	216.99%
62.98%	69.16%	71.70%	65.52%
0.03763060%	0.03578376%	0.03279471%	0.03279471%
\$ 12,596,096	\$ 9,889,585	\$ 7,976,808	\$ 9,501,922
\$ 4,110,164	\$ 3,556,050	\$ 3,340,669	\$ 3,691,669
306.46%	278.11%	238.78%	257.39%
66.80%	72.10%	74.70%	69.30%

See accompanying notes to the required supplementary information.

East Guernsey Local School District
Guernsey County, Ohio
Required Supplementary Information
Schedule of the School District's Contributions - Pension
Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution	\$ 307,088	\$ 293,317	\$ 302,267	\$ 195,874
Contributions in Relation to the Contractually Required Contribution	<u>(307,088)</u>	<u>(293,317)</u>	<u>(302,267)</u>	<u>(195,874)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 2,193,486	\$ 2,095,121	\$ 2,239,015	\$ 1,450,919
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ 804,112	\$ 630,046	\$ 703,261	\$ 683,016
Contributions in Relation to the Contractually Required Contribution	<u>(804,112)</u>	<u>(630,046)</u>	<u>(703,261)</u>	<u>(683,016)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 5,743,657	\$ 4,500,329	\$ 5,023,293	\$ 4,878,686
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 235,610	\$ 199,723	\$ 201,351	\$ 191,867	\$ 180,264	\$ 140,067
<u>(235,610)</u>	<u>(199,723)</u>	<u>(201,351)</u>	<u>(191,867)</u>	<u>(180,264)</u>	<u>(140,067)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 1,682,929	\$ 1,426,593	\$ 1,527,701	\$ 1,384,322	\$ 1,302,486	\$ 1,041,390
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%
\$ 617,691	\$ 575,423	\$ 497,847	\$ 434,287	\$ 479,917	\$ 518,262
<u>(617,691)</u>	<u>(575,423)</u>	<u>(497,847)</u>	<u>(434,287)</u>	<u>(479,917)</u>	<u>(518,262)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 4,412,079	\$ 4,110,164	\$ 3,556,050	\$ 3,340,669	\$ 3,691,669	\$ 3,986,631
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

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East Guernsey Local School District
Guernsey County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Last Five Fiscal Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>School Employees Retirement System (SERS)</i>					
School District's Proportion of the Net OPEB Liability	0.06164600%	0.06161000%	0.05349100%	0.05000930%	0.05113090%
School District's Proportionate Share of the Net OPEB Liability	\$ 1,339,761	\$ 1,549,352	\$ 1,483,985	\$ 1,342,118	\$ 1,457,420
School District's Covered Payroll	\$ 2,095,121	\$ 2,239,015	\$ 1,450,919	\$ 1,682,929	\$ 1,426,593
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	63.95%	69.20%	102.28%	79.75%	102.16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%
<i>State Teachers Retirement System (STRS)</i>					
School District's Proportion of the Net OPEB Liability/(Asset)	0.04136900%	0.04267500%	0.04178519%	0.03996085%	0.03763060%
School District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (727,059)	\$ (706,800)	\$ (671,445)	\$ 1,559,125	\$ 2,012,494
School District's Covered Payroll	\$ 4,500,329	\$ 5,023,293	\$ 4,878,686	\$ 4,412,079	\$ 4,110,164
School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-16.16%	-14.07%	-13.76%	35.34%	48.96%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.10%	174.70%	176.00%	47.10%	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.

East Guernsey Local School District
Guernsey County, Ohio
Required Supplementary Information
Schedule of the School District's Contributions - OPEB
Last Ten Fiscal Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution (1)	\$ 42,205	\$ 36,347	\$ 48,546	\$ 34,897
Contributions in Relation to the Contractually Required Contribution	<u>(42,205)</u>	<u>(36,347)</u>	<u>(48,546)</u>	<u>(34,897)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 2,044,650	\$ 2,095,121	\$ 2,239,015	\$ 1,450,919
OPEB Contributions as a Percentage of Covered Payroll (1)	2.06%	1.73%	2.17%	2.41%
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ 0	\$ 0	\$ 0	\$ 0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 4,803,571	\$ 4,500,329	\$ 5,023,293	\$ 4,878,686
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 25,778	\$ 25,778	\$ 36,251	\$ 24,737	\$ 24,884	\$ 27,327
<u>(25,778)</u>	<u>(25,778)</u>	<u>(36,251)</u>	<u>(24,737)</u>	<u>(24,884)</u>	<u>(27,327)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 1,682,929	\$ 1,426,593	\$ 1,527,701	\$ 1,384,322	\$ 1,302,486	\$ 1,041,390
1.53%	1.81%	2.37%	1.79%	1.91%	2.62%
\$ 0	\$ 0	\$ 0	\$ 33,407	\$ 36,917	\$ 39,866
<u>0</u>	<u>0</u>	<u>0</u>	<u>(33,407)</u>	<u>(36,917)</u>	<u>(39,866)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 4,412,079	\$ 4,110,164	\$ 3,556,050	\$ 3,340,669	\$ 3,691,669	\$ 3,986,631
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information.

East Guernsey Local School District
Guernsey County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

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.

East Guernsey Local School District
Guernsey County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

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 -5.20 percent to 9.60 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 -5.20 percent to 9.60 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

East Guernsey Local School District
Guernsey County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

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.

**EAST GUERNSEY LOCAL SCHOOL DISTRICT
GUERNSEY COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
Non-Cash Assistance:			
National School Lunch Program (Food Donation)	10.555	2021	\$23,751
Cash Assistance:			
School Breakfast Program	10.553	2021	159,518
COVID - 19 School Breakfast Program	10.553	2021	62,138
National School Lunch Program	10.555	2021	253,025
COVID-19 National School Lunch Program	10.555	2021	93,808
Cash Assistance Subtotal			<u>568,489</u>
Total U.S. Department of Agriculture/Child Nutrition Cluster			592,240
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Title I Grants to Local Educational Agencies	84.010A	2021	294,836
Title I Supplemental School Improvement	84.010A	2021	6,465
Total Title I Grants to Local Educational Agencies			<u>301,301</u>
Special Education Cluster (IDEA):			
Special Education_Grants to States (IDEA, Part B)	84.027	2020	75,039
	84.027A	2021	230,602
Total Special Education Cluster (IDEA)			<u>305,641</u>
Supporting Effective Instruction State Grants	84.367A	2021	34,162
Title VI, Part A Student Support and Academic Enrichment Program	84.424A	2021	48,887
Elementary and Secondary School Emergency Relief Fund I	84.425D	2021	<u>237,318</u>
Total U.S. Department of Education			927,309
U.S. DEPARTMENT OF TREASURY			
Passed Through Ohio Department of Education			
Broadband Ohio Grant - COVID 19	21.019	2021	115,079
Rural/Small Town Grant - COVID 19	21.019	2021	78,249
Total U.S. Department of Treasury			<u>193,328</u>
Total Expenditures of Federal Awards			<u><u>\$1,712,877</u></u>

The accompanying notes are an integral part of this Schedule.

**EAST GUERNSEY LOCAL SCHOOL DISTRICT
GUERNSEY COUNTY**

**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 East Guernsey Local School District (the School District) 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School 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 School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



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

East Guernsey Local School District
Guernsey County
P.O. Box 128
Old Washington, Ohio 43768

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Guernsey Local School District, Guernsey County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated April 14, 2022, wherein we noted the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School 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 School 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 School 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 School 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 School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

April 14, 2022



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

East Guernsey Local School District
Guernsey County
P.O. Box 128
Old Washington, Ohio 43768

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited East Guernsey Local School District's, Guernsey County, Ohio (the School 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 East Guernsey Local School District's major federal program for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the School District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District's major federal program 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 School 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 School District's major program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

The School 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 School 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 School 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

April 14, 2022

**EAST GUERNSEY LOCAL SCHOOL DISTRICT
GUERNSEY 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):	Child Nutrition Cluster – CFDA #10.553/10.555
(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?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



**EAST GUERNSEY LOCAL SCHOOL DISTRICT
GUERNSEY 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 5/5/2022

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

This report is a matter of public record and is available online at
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