



OHIO AUDITOR OF STATE
KEITH FABER



**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY
JUNE 30, 2021**

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FRANKLIN COUNTY
JUNE 30, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Gahanna-Jefferson Public School District
Franklin County
160 South Hamilton Road
Gahanna, Ohio 43230

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 Gahanna-Jefferson Public School District, Franklin County, Ohio (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Efficient • Effective • Transparent

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 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 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

May 3, 2022

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GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021
UNAUDITED

As management of the Gahanna-Jefferson Public School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the notes to the basic financial statements and financial statements themselves to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- The liabilities and deferred inflows of resources of the District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$10.8 million (negative net position).
- The District's total net position increased by \$49.4 million, an 82.0% increase in comparison with the prior fiscal year.
- As of the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$334.4 million, an increase of \$300.3 million in comparison with the prior fiscal year.
- The District's total general obligation bonded debt increased \$215.9 million, or 439.3%, in comparison with the prior fiscal year-end.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the District's assets/deferred outflows of resources and liabilities/deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

These two statements report the District's net position and changes in them. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the District.

In the Statement of Net Position and the Statement of Activities, all of the District's activities are reported as governmental including instruction, support services, community services, non-instructional services and extracurricular activities.

The government-wide financial statements can be found on pages 15-16 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The District maintains 19 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and building fund, each of which are considered major funds. Data from the other 16 governmental funds are combined into a single, aggregated presentation.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17-21 of this report.

Proprietary Funds. Proprietary funds use the accrual basis of accounting; the same as on the entity-wide statements. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various funds. The District uses an internal service fund to account for dental claims and premiums. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the governmental-wide financial statements.

The basic proprietary fund financial statements can be found on pages 22-24 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements begin on page 25 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's progress in funding its obligation to provide pension/OPEB benefits to its employees. Required supplementary information can be found on pages 74-88 of this report.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021
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Government-Wide Financial Analysis

The table below provides a summary of the District's net position for 2021 and 2020:

Net Position
Governmental Activities

	2021	Restated 2020
Current and Other Assets	\$ 411,010,043	\$ 120,843,477
Net OPEB Asset	6,960,325	6,439,445
Capital Assets	83,163,634	61,325,935
Total Assets	501,134,002	188,608,857
Deferred Charge on Refunding	345,182	421,877
Pension	21,838,672	21,903,745
OPEB	2,613,335	2,135,590
Total Deferred Outflows of Resources	24,797,189	24,461,212
Current Liabilities	14,180,983	12,684,410
Long-term Liabilities:		
Due Within One Year	14,367,748	5,416,337
Due in More Than One Year:		
Net Pension Liability	116,091,936	104,422,723
Net OPEB Liability	6,600,175	7,717,080
Other Amounts	311,765,779	54,984,632
Total Liabilities	463,006,621	185,225,182
Property Taxes	58,075,775	68,507,458
Pension	2,962,982	8,330,223
OPEB	12,731,744	11,204,322
Total Deferred Inflows of Resources	73,770,501	88,042,003
Net Investment in Capital Assets	34,698,868	30,127,316
Restricted	31,800,679	6,214,241
Unrestricted	(77,345,478)	(96,538,673)
Total Net Position	\$ (10,845,931)	\$ (60,197,116)

Current and Other Assets increased significantly in comparison with the prior fiscal year-end. This increase primarily consists of an increase in cash and investments due to two debt issuances which were almost entirely unspent by fiscal year end.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Capital Assets, Net increased significantly due to new and continued construction in progress and other additions related to construction projects, which was partially offset by depreciation expense and current year disposals.

Current Liabilities increased between fiscal years primarily due to increases in accounts payable due to unpaid obligations for capital asset projects and acquisitions and accrued interest payable due to increased debt balances, which was partially offset by decreases for retainage and unearned revenues.

Long-term Liabilities increased significantly in comparison with the prior fiscal year-end. This increase was due to two new debt issuances during the year, which was partially offset by debt principal reduction payments. The net pension and net OPEB liabilities, net OPEB asset, and related deferred outflows and inflows of resources all fluctuated significantly in comparison with the prior fiscal year-end. These fluctuations are primarily the result of changes in benefit terms, changes in actuarial assumptions, and greater than expected returns on pension plan investments.

A large portion of the District's net position reflect its investment in capital assets (e.g., land, buildings, and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

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GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021
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The table below shows the change in net position for fiscal year 2021 and 2020:

	2021	2020
Program Revenues		
Charges for Services	\$ 2,053,336	\$ 3,864,475
Operating Grants	8,087,132	6,434,062
General Revenues		
Property Taxes	117,723,894	45,440,986
Unrestricted Grants and Entitlements	22,686,590	21,174,424
Payments in Lieu of Taxes	11,054,568	7,786,561
Investment Earnings	67,761	1,273,515
Miscellaneous	331,891	257,497
Total Revenues	162,005,172	86,231,520
Program Expenses		
Instructional	71,577,009	68,834,176
Support Services	31,075,650	31,510,134
Operation of Noninstructional Services	3,319,846	3,859,278
Extra Curricular Activities	1,550,244	1,574,785
Interest and Fiscal Charges	5,131,238	1,790,320
Total Expenses	112,653,987	107,568,693
Change in Net Position	49,351,185	(21,337,173)
Net Position at Beginning of Year - Restated	(60,197,116)	N/A
Net Position at End of Year	\$ (10,845,931)	\$ (60,197,116)

Property taxes increased in comparison with the prior fiscal year. This increase is the result of a significant increase in amounts available for advance due to the extension of the due date of the second half taxes due to the COVID-19 pandemic in the prior fiscal year. Charges for services decreased between fiscal years due to the decrease in revenues in the food service fund resulting from changes to the District's school schedule related to the COVID-19 pandemic. This decrease in the food service fund was partially offset by increases in intergovernmental revenues to subsidize the program. Additionally, the District received additional grant funds related to the COVID-19 pandemic through the ESSER and Coronavirus Relief Fund programs, resulting in an increase in operation grants.

Total Expenses increased in comparison with the prior fiscal year. This increase is primarily the result of an increase in interest and fiscal charges due to the two new debt issuances obtained in the current year. The District also had increased costs resulting from the COVID-19 pandemic, although there were also some decreases in costs also attributed to the pandemic.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021
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The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table 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 grants and entitlements.

	<u>Total Cost of 2021 Services</u>	<u>Total Cost of 2020 Services</u>	<u>Net Cost of 2021 Services</u>	<u>Net Cost of 2020 Services</u>
Governmental Activities				
Instructional	\$ 71,577,009	\$ 68,834,176	\$ 66,920,668	\$ 63,709,662
Support Services	31,075,650	31,510,134	28,915,183	30,104,803
Noninstruction	3,319,846	3,859,278	318,884	443,252
Extracurricular Activities	1,550,244	1,574,785	1,227,546	1,222,119
Interest and Fiscal Charges	<u>5,131,238</u>	<u>1,790,320</u>	<u>5,131,238</u>	<u>1,790,320</u>
Total	<u>\$ 112,653,987</u>	<u>\$ 107,568,693</u>	<u>\$ 102,513,519</u>	<u>\$ 97,270,156</u>

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the District's net resources available for spending at year-end.

The District's governmental funds reported a combined ending fund balance of \$334.4 million, an increase of \$300.3 million in comparison with the prior fiscal year. The schedule below indicates the fund balances and the total change in fund balances as of June 30, 2021 for all major and nonmajor governmental funds.

Funds:	<u>Fund Balance June 30, 2021</u>	<u>Restated Fund Balance June 30, 2020</u>	<u>Increase/ (Decrease)</u>
General	\$ 51,010,236	\$ 9,270,292	\$ 41,739,944
Debt Service	23,811,851	3,554,918	20,256,933
Building	252,987,934	21,928,529	231,059,405
Other Governmental	<u>6,595,692</u>	<u>(655,458)</u>	<u>7,251,150</u>
Total	<u>\$ 334,405,713</u>	<u>\$ 34,098,281</u>	<u>\$ 300,307,432</u>

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021
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General Fund

The general fund is the chief operating fund of the District. At the end of the current fiscal year, total fund balance of the general fund was \$51.0 million. The net increase in fund balance during the current fiscal year was \$41.7 million. This increase represents the amount in which property taxes and related receipts, payments in lieu of taxes, and intergovernmental revenues exceeded instructional and support service expenditures during the fiscal year. Property taxes increased significantly in comparison with the prior fiscal year. This increase is the result of a significant increase in amounts available for advance due to the prior year extension of the due date of the second half taxes due to the COVID-19 pandemic whereas the County resumed its normal tax collection schedule for the current year.

Debt Service Fund

The debt service fund has a total fund balance of \$23.8 million, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year was \$20.3 million. This increase represents the amount in which current year property tax and related receipts and new bond premiums exceeded debt service requirements.

Building Fund

The building fund has a total fund balance of \$253.0 million. The net increase in fund balance during the current year was \$231.1 million. This increase represents the amount in which current year debt issuances exceeded capital outlays.

General Fund Budgetary Highlights

The District's budget is prepared in accordance with 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. Budgetary information is presented only for the general fund in the financial statements.

The District's final estimated revenues and other financing sources exceeded the original estimated amounts by \$15.4 million. This increase was primarily the result of an increase in Property Taxes and Payments in Lieu of Taxes. The District's final estimated revenues and other financing sources exceeded actual revenues and other financing sources by \$460,393. This variance was mainly the result of overestimated property taxes, tuition, and transfers in, offset by underestimated intergovernmental revenues.

The District's final appropriations and other financing uses exceeded the original amounts by \$3.4 million. This increase was mainly the result of an increase in special instruction and debt issuance costs. The District's final appropriations and other financing uses exceeded the actual amounts by \$2.6 million as a result of conservative spending, which was partially offset by an increase in transfers out for its internal budget reserve.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Capital Assets

At fiscal year-end, the District had \$83.2 million (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, equipment and fixtures, vehicles, and textbooks, an increase of \$21.8 million in comparison with the prior fiscal year. This increase represents the amount in which current year additions of \$25.6 million exceeded current year depreciation of \$3.2 million and net disposals of \$47,950. See note 9 to the basic financial statements for additional information on Capital Assets.

Debt Administration

At fiscal year-end, the District's general bonded debt totaled \$265.0 million, an increase of \$215.9 million in comparison with the prior fiscal year. This increase represents new issuances net of current year principal payments and amortization. See note 10 to the basic financial statements for additional information on long-term obligations.

Economic Conditions and Outlook

In May 2018, the District passed a \$32,000,000 bond issue as well as a 4.28 mill operating levy. The bond issue will cover the cost of building a new Lincoln Elementary as well as renovations to existing buildings throughout the District. The operating levy will generate \$6,900,000 per year for everyday operating expenses.

The City's GoForward Gahanna: Results that Matter initiative is a citywide strategic plan that will guide the city's policy agenda, budgets, and management. The plan focuses on five strategic priority areas, identified by the Outreach Team, that are critical to City's success. The five areas are as follows: 1) Business & Job Development; 2) Roads, Bridges, and Infrastructure; 3) Parks, Trails & Recreation; 4) Character of the City, and; 5) Good Government. In each of these areas, goals have been set and ideas have moved into the implementation phase. The initiative ensures that the City dedicates its resources to its strategic priorities and achieves meaningful and measurable results.

The Jefferson Township Trustees have approved multiple residential construction projects consisting of 278 units. Most recently, a 374 home development, Jefferson Farms, was approved. The developments will affect the enrollment of the District significantly in the coming years. On average, each new home could bring 0.6 new students to the District. The District will also see increases in property valuation of up to \$80,000,000, which will bring in new real estate tax revenue of approximately \$3,200,000. The timing of each of these developments varies and are expected to be completed between 2018 to 2024

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The pandemic has continued to impact the operations of the District with increased costs for supplies, protective equipment, maintenance and staffing costs. Despite the negative impacts to the economic environment, the District did not experience the reduction in the collection of property taxes previously forecasted. The state implemented a new funding formula, which when fully implemented could result in an increase in state funding of more than \$2.0 million per fiscal year. In addition, the deductions in funding related to costs for open enrollment, community schools, STEM and scholarship programs where students are educated outside the District would be eliminated. The total impact of these changes will not be fully understood until the state finalizes the formula impacts to each district. While there are still several details still unpublished at this time the District can see that through early April 2022 the state aid is estimated to be \$13,678,465 which is \$61,099 more than the original estimate for fiscal year 2022. The District is currently on the guarantee and are expected to remain on the guarantee for fiscal year 2023 through fiscal year 2026.

The District expects and has planned for lower levels of investment income due to the lower interest rate environment. The forecast assumes significant increases in staffing levels due to growth in the student population and special education needs. Athletic gate receipts continue to be negatively impacted as are food service, although the federal government subsidies for meals have more than offset these reductions.

In November of 2020, the voters of the District passed a 4.26 mil operating levy which provides funding through fiscal year 2024. In addition, a Bond issue and Permanent improvement levy were passed to provide funding for the construction of a new high school and additions to several elementary and middle schools throughout the District. At present, plans and designs are being developed for the construction and expansion of these new and existing facilities. The District expects no changes to debt terms for the current outstanding issues.

For fiscal year 2022, the District re-opened in a full on-site learning environment which remains in place. Depending upon the Governor's and health department orders, it is possible the District could revert to the Hybrid or virtual models again. Costs associated with the virus are a strain on the budget and will exceed the relief funds provided by Federal and State governments.

Request for Information

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact the treasurer's office, Gahanna-Jefferson Public School District, 160 S. Hamilton Road, Gahanna, Ohio 43230.

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY**

STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 309,714,091
Receivables:	
Property Taxes - Current	89,641,152
Property Taxes - Delinquent	304,643
Accounts	41,995
Accrued Interest	157,488
Payments in Lieu of Taxes	10,319,966
Due From Other Governments	569,355
Prepaid Assets	159,846
Materials and Supplies Inventory	101,507
Net OPEB Asset	6,960,325
Capital Assets:	
Non-depreciable Capital Assets	33,338,786
Depreciable Capital Assets	49,824,848
Total Assets	501,134,002
Deferred Outflows of Resources	
Deferred Charge on Refunding	345,182
Pension	21,838,672
OPEB	2,613,335
Total Deferred Outflows of Resources	24,797,189
Liabilities	
Accounts Payable	3,430,200
Accrued Wages and Benefits Payable	7,182,216
Due to Other Governments	1,288,257
Payroll Withholdings	13,007
Retainage Payable	978,471
Accrued Interest Payable	697,352
Claims Payable	90,190
Unearned Revenue	501,290
Long-Term Liabilities	
Due Within One Year	14,367,748
Due in More Than One Year:	
Net Pension Liability	116,091,936
Net OPEB Liability	6,600,175
Other Amounts Due in More Than One Year	311,765,779
Total Liabilities	463,006,621
Deferred Inflows of Resources	
Property and Other Local Taxes	58,075,775
Pension	2,962,982
OPEB	12,731,744
Total Deferred Inflows of Resources	73,770,501
Net Position	
Net Investment in Capital Assets	34,698,868
Restricted for:	
Debt Service	23,147,979
Permanent Improvements	5,785,792
Building Fund	1,407,761
Locally Funded Programs	78,503
Scholarships	137,647
Extracurricular Activities	711,348
State Funded Programs	250,936
Federally Funded Programs	107,942
Food Service	172,771
Unrestricted	(77,345,478)
Total Net Position	\$ (10,845,931)

See accompanying notes to the basic financial statements.

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY**

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 and Contributions	Governmental Activities	
Governmental Activities				
Instruction				
Regular Instruction	\$ 52,868,914	\$ 1,533,314	\$ 469,373	\$ (50,866,227)
Special Instruction	18,262,168	14,213	2,496,022	(15,751,933)
Vocational Instruction	444,422	-	143,419	(301,003)
Student Intervention Services Instruct	1,505	-	-	(1,505)
Support Services				
Pupils	6,772,266	-	715,555	(6,056,711)
Instructional Staff	3,251,432	-	182,308	(3,069,124)
General Administration	589,871	-	-	(589,871)
School Administration	6,862,496	7,082	260,994	(6,594,420)
Fiscal Services	1,973,372	-	221,190	(1,752,182)
Business	847,076	-	369,840	(477,236)
Maintenance	5,054,779	124,013	157,795	(4,772,971)
Pupil Transportation	4,084,457	-	98,553	(3,985,904)
Central	1,639,901	-	23,137	(1,616,764)
Operation of Noninstructional Services	3,319,846	67,017	2,933,945	(318,884)
Extra Curricular Activities	1,550,244	307,697	15,001	(1,227,546)
Interest and Fiscal Charges	5,131,238	-	-	(5,131,238)
Total Governmental Activities	\$ 112,653,987	\$ 2,053,336	\$ 8,087,132	(102,513,519)
General Revenues				
Property Taxes Levied for:				
General Purposes				96,788,697
Debt Service				13,670,985
Permanent Improvement				7,264,212
Unrestricted Grants and Entitlements				22,686,590
Payments in Lieu of Taxes				11,054,568
Investment Earnings				67,761
Miscellaneous				331,891
Total General Revenues				151,864,704
Change in Net Position				49,351,185
Net Position Beginning of Year - Restated				(60,197,116)
Net Position End of Year				\$ (10,845,931)

See accompanying notes to the basic financial statements.

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY**

BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021

	General Fund	Debt Service Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 25,884,447	\$ 18,267,986	\$ 256,727,753	\$ 7,921,639	\$ 308,801,825
Receivables:					
Property Taxes - Current	73,409,705	10,596,809	-	5,634,638	89,641,152
Property Taxes - Delinquent Accounts	266,169	24,437	-	14,037	304,643
Accrued Interest	41,344	-	-	651	41,995
Payments in Lieu of Taxes	33,717	2,439	121,332	-	157,488
Due From Other Governments	10,319,966	-	-	-	10,319,966
Interfund Receivable	77,676	-	-	491,679	569,355
Prepaid Assets	593,809	-	-	-	593,809
Materials and Supplies Inventory	131,119	-	-	28,727	159,846
Total Assets	10,858	-	-	90,649	101,507
	<u>110,768,810</u>	<u>28,891,671</u>	<u>256,849,085</u>	<u>14,182,020</u>	<u>410,691,586</u>
Liabilities:					
Accounts Payable	376,406	-	2,761,348	292,446	3,430,200
Accrued Wages and Benefits Payable	6,895,606	-	-	286,610	7,182,216
Interfund Payable	25,223	-	-	594,864	620,087
Due to Other Governments	1,202,490	-	-	85,767	1,288,257
Payroll Withholdings	13,007	-	-	-	13,007
Accrued Interest Payable	-	-	-	6,604	6,604
Matured Leave Benefits Payable	9,717	-	-	-	9,717
Retainage Payable	-	-	978,471	-	978,471
Unearned Revenue	444,970	-	-	-	444,970
Tax Anticipation Notes Payable	-----	-----	-----	3,155,000	3,155,000
Total Liabilities	<u>8,967,419</u>	<u>-</u>	<u>3,739,819</u>	<u>4,421,291</u>	<u>17,128,529</u>
Deferred Inflows of Resources:					
Unavailable Revenue	427,645	26,876	121,332	505,716	1,081,569
Property and Other Local Taxes	50,363,510	5,052,944	-	2,659,321	58,075,775
Total Deferred Inflows of Resources	<u>50,791,155</u>	<u>5,079,820</u>	<u>121,332</u>	<u>3,165,037</u>	<u>59,157,344</u>
Fund Balances:					
Non-spendable:					
Prepaid Assets	131,119	-	-	28,727	159,846
Inventory	10,858	-	-	-	10,858
Restricted for:					
Debt Service	-	23,811,851	-	-	23,811,851
Permanent Improvements	-	-	-	5,631,886	5,631,886
Building Fund	-	-	252,987,934	-	252,987,934
Locally Funded Programs	-	-	-	77,508	77,508
Scholarships	-	-	-	137,647	137,647
Extracurricular Activities	-	-	-	711,348	711,348
State Funded Programs	-	-	-	223,204	223,204
Federally Funded Programs	-	-	-	207	207
Food Service	-	-	-	172,771	172,771
Committed for:					
Severance Payouts	65,256	-	-	-	65,256
Health Benefits	2,124,473	-	-	-	2,124,473
Assigned for:					
Public School Support	220,692	-	-	-	220,692
Instruction	536,451	-	-	-	536,451
Support Services	672,889	-	-	-	672,889
Uniform Supplies	93,024	-	-	-	93,024
Rotary	34,807	-	-	-	34,807
Unassigned	47,120,667	-	-	(387,606)	46,733,061
Total Fund Balances	<u>51,010,236</u>	<u>23,811,851</u>	<u>252,987,934</u>	<u>6,595,692</u>	<u>334,405,713</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 110,768,810</u>	<u>\$ 28,891,671</u>	<u>\$ 256,849,085</u>	<u>\$ 14,182,020</u>	<u>\$ 410,691,586</u>

See accompanying notes to the basic financial statements.

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
AS OF JUNE 30, 2021

Total Governmental Fund Balances \$ 334,405,713

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 83,163,634

Other long-term assets are not available to pay for current period expenditures and therefore are reported as a deferred inflow of resources in the funds.

Property Taxes Receivable	304,643
Payments in Lieu of Taxes Receivable	50,083
Due From Other Governments	569,355
Interest Receivable	157,488

An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 792,034

The net pension and OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.

Deferred Outflows - Pension	21,838,672
Deferred Outflows - OPEB	2,613,335
Deferred Inflows - Pension	(2,962,982)
Deferred Inflows - OPEB	(12,731,744)
Net Pension Liability	(116,091,936)
Net OPEB Asset	6,960,325
Net OPEB Liability	(6,600,175)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds and Notes Payable	(297,100,855)
Bond Premium	(19,273,330)
Deferred Amount on Refunding	345,182
Accrued Interest Payable	(690,748)
Capital Leases Payable	(519,378)
Compensated Absence Payable	(6,075,247)
	(323,314,376)

Net Position of Governmental Activities \$ (10,845,931)

See accompanying notes to the basic financial statements.

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General Fund	Debt Service Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
From Local Sources:					
Taxes	\$ 97,072,360	\$ 13,685,544	\$ -	\$ 7,286,323	\$ 118,044,227
Payments in Lieu of Taxes	11,038,069	-	-	-	11,038,069
Tuition	1,378,858	-	-	-	1,378,858
Charges for Services	32,274	-	-	66,417	98,691
Other Local	510,322	-	-	122,868	633,190
Intergovernmental - State	22,711,488	202,897	-	1,553,918	24,468,303
Intergovernmental - Federal	-	-	-	5,774,735	5,774,735
Investment Income	68,319	(1,539)	(83,250)	2,481	(13,989)
Gifts and Donations	69,755	-	-	27,926	97,681
Extracurricular Activities	102,329	-	-	167,368	269,697
Total Revenues	132,983,774	13,886,902	(83,250)	15,002,036	161,789,462
Expenditures:					
Instruction:					
Regular	47,072,061	-	-	456,962	47,529,023
Special	14,763,972	-	-	2,443,081	17,207,053
Vocational	430,485	-	-	-	430,485
Student Intervention Services	1,496	-	-	-	1,496
Support services:					
Pupils	5,800,826	-	-	567,012	6,367,838
Instructional Staff	2,870,993	-	-	251,599	3,122,592
Board of Education	557,673	-	-	1,000	558,673
School Administration	6,117,333	-	-	237,398	6,354,731
Fiscal Services	1,806,498	97,481	-	57,154	1,961,133
Business	401,132	-	-	375,341	776,473
Maintenance	4,469,947	-	-	195,477	4,665,424
Pupil Transportation	3,378,237	-	-	144,312	3,522,549
Central	1,448,179	-	-	27,946	1,476,125
Operation of Noninstructional Services	-	-	-	3,151,280	3,151,280
Extracurricular Activities	1,169,591	-	-	305,036	1,474,627
Capital Outlay	529,516	-	22,522,345	1,891,202	24,943,063
Debt service:					
Principal Retirement	947,415	3,348,333	-	-	4,295,748
Interest and Fiscal Charges	27,915	2,708,518	-	350,227	3,086,660
Bond Issuance Costs	2,067,520	-	-	-	2,067,520
Total Expenditures	93,860,789	6,154,332	22,522,345	10,455,027	132,992,493
Excess (Deficiency) of Revenues Over (Under) Expenditures	39,122,985	7,732,570	(22,605,595)	4,547,009	28,796,969
Other Financing Sources (Uses):					
Proceeds from Debt Issued	-	-	253,665,000	-	253,665,000
Premium on Debt Issued	2,081,468	12,524,363	-	2,696,641	17,302,472
Sale of Assets	4,791	-	-	-	4,791
Inception of Capital Lease	538,200	-	-	-	538,200
Transfers In	-	-	-	8,500	8,500
Transfers Out	(7,500)	-	-	(1,000)	(8,500)
Total Other Financing Sources (Uses)	2,616,959	12,524,363	253,665,000	2,704,141	271,510,463
Net Change in Fund Balances	41,739,944	20,256,933	231,059,405	7,251,150	300,307,432
Fund Balances - Beginning - Restated	9,270,292	3,554,918	21,928,529	(655,458)	34,098,281
Fund Balances - Ending	\$ 51,010,236	\$ 23,811,851	\$ 252,987,934	\$ 6,595,692	\$ 334,405,713

See accompanying notes to the basic financial statements.

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY**

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	\$ 300,307,432
<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.	
Depreciation Expense	(3,169,757)
Capital Outlay	25,055,406
Net effect of capital assets sales and disposals	(47,950)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Property Taxes - Delinquent	(320,333)
Payment in Lieu of Taxes	16,499
Due From Other Governments	433,003
Interest	81,750
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	8,561,899
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	(14,777,174)
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability (asset) are reported as negative OPEB expense in the statement of activities.	436,338
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Issuance of Bonds	(253,665,000)
Bond and Note Principal Repayments	4,103,333
Premium on Bonds	(17,302,472)
Amortization of Bond Premium and Deferred Amount on Refunding	563,922
Inception of Capital Lease	(538,200)
Capital Lease Principal Repayments	192,415
Some expenses reported in the statement of activities, such as compensated absences payable, do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Compensated Absences	66,095
Accrued Interest	(540,980)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.	(105,041)
Change in Net Position of Governmental Activities	\$ 49,351,185

See accompanying notes to the basic financial statements.

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance Over/(Under)
Revenues:				
Property Taxes	\$ 62,479,565	\$ 68,479,565	\$ 68,307,121	\$ (172,444)
Payments in Lieu of Taxes	7,455,997	10,905,997	10,964,870	58,873
Intergovernmental - State	21,462,018	22,342,018	22,723,544	381,526
Interest on Investments	306,046	306,046	215,035	(91,011)
Tuition	1,484,000	1,484,000	1,231,934	(252,066)
Charges for Services	30,000	30,000	32,274	2,274
Other local Sources	430,300	430,300	366,829	(63,471)
Gifts and Donations	25,631	25,631	41,910	16,279
Extracurricular Activities	13,000	13,000	13,356	356
Total Revenues	<u>93,686,557</u>	<u>104,016,557</u>	<u>103,896,873</u>	<u>(119,684)</u>
Expenditures:				
Instruction:				
Regular	49,970,785	49,590,621	48,202,391	1,388,230
Special	15,663,479	16,482,550	14,948,032	1,534,518
Vocational	479,540	479,540	439,494	40,046
Student Intervention Services	6,835	6,835	1,496	5,339
Support Services:				
Pupils	5,897,329	5,785,972	5,833,850	(47,878)
Instructional Staff	3,646,607	3,625,221	3,016,225	608,996
Board of Education	566,772	807,556	747,852	59,704
School Administration	6,724,447	6,790,194	6,362,496	427,698
Fiscal Services	1,925,926	1,967,066	1,856,381	110,685
Business	294,052	748,165	437,633	310,532
Maintenance	5,215,678	5,208,478	4,804,663	403,815
Pupil Transportation	4,054,906	4,026,790	3,620,228	406,562
Central	2,108,906	2,336,274	1,604,105	732,169
Extracurricular Activities	1,298,125	1,298,125	1,177,763	120,362
Capital Outlay	9,000	9,000	-	9,000
Debt Service:				
Principal Retirement	755,000	755,000	755,000	-
Interest and Fiscal Charges	27,915	27,915	27,915	-
Issuance Costs	-	2,081,468	2,067,520	13,948
Total Expenditures	<u>98,645,302</u>	<u>102,026,770</u>	<u>95,903,044</u>	<u>6,123,726</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,958,745)</u>	<u>1,989,787</u>	<u>7,993,829</u>	<u>6,004,042</u>
Other Financing Sources (Uses):				
Premium on Debt Issued	-	2,081,468	2,081,468	-
Sale of Assets	500	500	4,791	4,291
Transfers In	345,000	3,345,000	3,000,000	(345,000)
Transfers Out	(564,414)	(564,414)	(3,496,959)	(2,932,545)
Advances In	536,399	536,399	536,399	-
Advances Out	-	-	(593,809)	(593,809)
Total Other Financing Sources (Uses)	<u>317,485</u>	<u>5,398,953</u>	<u>1,531,890</u>	<u>(3,867,063)</u>
Net Change in Fund Balance	(4,641,260)	7,388,740	9,525,719	2,136,979
Fund Balances at Beginning of Year	10,793,067	10,793,067	10,793,067	-
Prior Year Encumbrances Appropriated	1,256,171	1,256,171	1,256,171	-
Fund Balances at End of Year	<u>\$ 7,407,978</u>	<u>\$ 19,437,978</u>	<u>\$ 21,574,957</u>	<u>\$ 2,136,979</u>

See accompanying notes to the basic financial statements.

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY**

STATEMENT OF NET POSITION
PROPRIETARY FUND
AS OF JUNE 30, 2021

	Governmental Activities - Internal Service Fund
Current Assets:	
Cash and Cash Equivalents	\$ 912,266
Receivables:	
Interfund Receivable	26,278
Total Current Assets	938,544
 Total Assets	 938,544
Current Liabilities:	
Claims Payable	90,190
Unearned Revenue	56,320
Total Current Liabilities	146,510
 Total Liabilities	 146,510
Net Position:	
Unrestricted	792,034
Total Net Position	\$ 792,034

See accompanying notes to the basic financial statements.

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY**

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION - PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Governmental Activities - Internal Service Fund
Operating Revenues:	
Charges for Services	\$ 834,922
Total Operating Revenues	<u>834,922</u>
Operating Expenses:	
Purchased Services	103,892
Claims	836,071
Total Operating Expenses	<u>939,963</u>
Operating Loss	(105,041)
Net Position Beginning of Year - Restated	<u>897,075</u>
Net Position End of Year	<u><u>\$ 792,034</u></u>

See accompanying notes to the basic financial statements.

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY**

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 Charges for Services	\$ 829,127
Cash Payments for Contract Services	(57,998)
Cash Payments for Claims	(777,731)
Net Cash Used for Operating Activities	(6,602)
 Net Decrease in Cash and Cash Equivalents	 (6,602)
Cash and Cash Equivalents at Beginning of Year - Restated	918,868
Cash and Cash Equivalents at End of Year	912,266
 Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	(105,041)
 Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Changes in Assets and Liabilities:	
Prepaid Assets	45,894
Interfund Receivable	(3,946)
Claims Payable	58,340
Unearned Activities	(1,849)
Net Cash Used for Operating Activities	\$ (6,602)

See accompanying notes to the basic financial statements.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT

The Gahanna Jefferson Public School District (the “District”) is located in Franklin County, Ohio. The District operates under a locally-elected, five-member Board form of government and provides educational services as authorized or mandated by state and/or federal agencies. This Board controls the District’s thirteen instructional/support facilities. The District provides services to 7,809 students and other community members.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. The District had no component units for the fiscal year ended June 30, 2021.

JOINTLY GOVERNED ORGANIZATIONS

The District participates in the Metropolitan Educational Technology Association (META). META is composed of over 200 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 37 counties in Central Ohio. The META helps its members purchase services, insurances, supplies, and other items at a discounted rate. The governing board of META is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County and one representative from each county outside of Franklin County. Each year, the participating school districts pay a membership fee to META to cover the costs of administering the program. Payments to META during the fiscal year totaled to \$236,901.

Financial information may be obtained from the Metropolitan Educational Technology Association Chief Financial Officer, at 2100 Citygate Dr., Columbus, OH 43219.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District is a member of the Eastland-Fairfield Career and Technical School (School), a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating district's elected boards, which possesses its own budgeting and taxing authority. Financial information can be obtained from Dawn Lemley, who serves as Treasurer, at 4300 Amalgemated Place, Groveport, Ohio 43125. There were no payments to the School during the fiscal year.

UNDIVIDED INTEREST IN JOINT OPERATIONS

On February 21, 1996, a contract was entered into between the District and the City of Gahanna (City), a separate legal entity, to construct and operate a vehicle maintenance facility. Based on the terms of the agreement, the entities equally bore the cost related to the construction of the maintenance facility. In exchange for 4.699 acres of land that the City deeded to the District, the City received a credit of \$187,960 toward their share of the cost related to construction. The land was recorded in the District's governmental activities in fiscal year 1996. In 2000, the District's share of construction costs, totaling \$1,234,694, was recorded in the District's governmental activities as a capital asset. Each entity is responsible for managing the operations of their portion of the vehicle maintenance facility.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary governmental is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods or services provided by a given program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District has no enterprise funds.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, basis of accounting and financial statement presentation

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes and payment in lieu of taxes are recognized as revenues in the year for which they are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

Governmental fund financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Deferred Outflows/Inflows of Resources – In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditure) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refundings and for pensions and other postemployment benefits (OPEB). A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 13 and 14.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, payment in lieu of taxes, unavailable revenue, pension, and OPEB. Property taxes and payment in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue includes delinquent property taxes, intergovernmental revenues, and interest income. These amounts are only reported on the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 13 and 14).

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

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

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific District functions or activities. There are three categories of funds: governmental, proprietary and fiduciary. The District currently has two types of funds: governmental and proprietary.

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 purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities/deferred inflows of resources is reported as fund balance. The following is the District's governmental funds:

MAJOR GOVERNMENTAL FUNDS

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

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Building Fund – The building fund is used to account for all transactions related to the new elementary and high construction projects.

OTHER GOVERNMENTAL FUNDS - Other Governmental Funds of the District are used to account for grants and other resources whose use is restricted or committed for a particular purpose.

OTHER FUND TYPES

Internal Service Funds – Funds provided to account for money received from other funds as payment for providing life, dental and workers’ compensation insurance. Payments are made to a third party administrator for claims payments, claims administration, and stop-loss coverage.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District has no fiduciary funds.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. However, the activity for interfund services in the internal service fund are consolidated with the Governmental Activities on the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operation. The principal operating revenues of the District’s internal service fund are charges for sales and services. Operating expenses for internal service fund includes the claims and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Cash and Investments

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

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All investments are reported at fair value.

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

The Ohio Revised Code authorizes the District to invest in United States and State of Ohio bonds, notes, money market and other obligations; bank certificates of deposit; commercial paper notes rated prime and issued by United States corporations; and STAROhio. It is management’s policy to invest in all of the above types of investments.

Under existing Ohio statutes, all investment earnings are assigned to the general fund except those specifically related to certain trust funds, unless the Board of Education specifically directs interest to be recorded in other funds. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$68,319 which includes \$35,101 assigned from other District funds.

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

E. Inventory and Prepaid Items

All inventories are valued at cost using the first in, first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. At fiscal year-end, inventory consists of donated food and purchased food and supplies held for resale.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

F. Capital Assets

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

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at acquisition values as of the date received. The District’s capitalization threshold is \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an assets life are not.

All reported capital assets except land and construction in progress are depreciated. The District currently does not possess any infrastructure. 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	20 years
Buildings and improvements	20-50 years
Equipment and fixtures	5-20 years
Vehicles	8 years
Textbooks	6 years

G. Interfund Balances

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 and after non-operating revenues/expenses in proprietary funds.

On fund financial statements, receivables and payables resulting from short-term interfund loans between governmental funds are classified as “interfund receivable/payable.” Advances to/from other funds are long-term advances made between governmental funds that are not expected to be repaid within one year. These amounts are eliminated in the governmental activities column on the statement of net position.

H. Compensated Absences

GASB Statement No. 16, “Accounting for Compensated Absences”, specifies the method used to accrue liabilities for leave benefits. 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 District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that is probable that benefits will result in termination payments. The liability is an estimate based on the District’s past experience of making termination payments. The total liability for vacation and severance payments has been calculated using pay rates in effect at fiscal year-end, and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

I. Unearned Revenue

Under both the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. If assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for unearned revenue.

J. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term debt are reported in the government-wide financial statements as well as 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, and contractually required pension contributions that will be paid from governmental funds (typically the General fund) are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

K. Pensions/Other Postemployment Benefits (OPEB)

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

L. Fund Balance

In accordance with Governmental Accounting Standards Board Statements No. 54, Fund Balance Reporting, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories were used:

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

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Committed – Fund balance is reported as committed when there are resources constrained for specific purposes that are internally imposed by formal action (resolution) of the government at the highest level of decision making authority, Board of Education.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria as restricted or committed. Although no specific resolution has been made, the District Board of Education authorizes the Treasurer to assign fund balance. The Board 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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

M. 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 consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes represent restricted grants and contributions held at fiscal year-end. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

N. Bond Premiums

On government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. On the governmental fund financial statements, bond premiums are recognized in the current period.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Extraordinary and Special Items

Extraordinary items are transactions of 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. During the fiscal year, the District did not incur any transactions that would be classified as an extraordinary item or special item.

P. Estimates

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

Q. Budgetary Calendar

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budget documents within an established timetable. The major documents prepared are the Five-Year Forecast, the Certificate of Estimated Resources, and the Appropriations Resolution, all of which are prepared on the budgetary cash basis of accounting. All funds are required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with legal restriction that the appropriations cannot exceed estimated resources, as certified. The amount reported as the original budgeted revenues in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenues in the budgetary statement reflect the amounts in the amended certificate that was in effect at the time the final appropriations were passed by the Board of Education. The amounts reported as the original budgeted expenditures reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted expenditures represent the final appropriation amounts passed by the Board during the year.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

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

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

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

Protection of the 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 to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days respectively, from the purchase date in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

Custodial credit risk for deposits is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, the carrying amount of the District's deposits was \$541,794 (excluding \$300 maintained in petty cash) and the bank balance was \$748,688. Of the District's bank balance, \$515,777 was covered by the Federal Depository Insurance Company (FDIC) and the remaining balance was uninsured and collateralized. The District's financial institution was approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System.

Ohio law requires that deposits either be insured or be protected by:

1. Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
2. Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

At fiscal year-end, the District reported the following investments at fair value:

<u>Investment Type</u>	Standard & Poor's <u>Rating</u>	<u>Fair Value</u>	<u>Percent of Total</u>	<u>Investment Maturities</u>	
				<u>Within 1 Year</u>	<u>More than 1 Year</u>
Money Market	AAAm	\$ 13,470,032	4.45%	\$ 13,470,032	\$ -
FFCB	AA	57,036,983	18.79%	1,258,521	55,778,462
FHLMC	AA	24,552,524	8.09%	832,203	23,720,321
FNMA	AA	19,982,952	6.58%	-	19,982,952
FHLB	AA	33,186,781	10.94%	598,205	32,588,576
FMCC	AA	735,591	0.24%	-	735,591
U.S. Treasury Notes	AA	9,338,372	3.08%	3,104,117	6,234,255
U.S. Treasury Bill	A1	609,998	0.20%	609,998	-
Commercial Paper	A1	112,875,059	37.19%	112,875,059	-
Municipal Bonds	N/A	26,618,330	8.77%	12,466,400	14,151,930
Negotiable CDs	N/A	5,072,628	1.67%	749,651	4,322,977
Total		\$ 303,479,250	100.00%	\$ 145,964,186	\$ 157,515,064

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

In addition, at fiscal year-end, the District's reported an investment in STAR Ohio totaling \$5,692,747. In accordance with GASB Statement No. 79, the District's investment in STAR Ohio is reported at amortized cost. For the fiscal year ended June 30, 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. The weighted average maturity of the portfolio held by STAR Ohio, as of June 30, 2021, was 54 days, and STAR Ohio is rated AAA by Standard and Poor's.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits investment portfolio maturities to five years or less, unless matched to a specific obligation or debt of the District. All investments outstanding at fiscal year-end mature within five years.

Credit Risk: The District's investment policy limits investments to those authorized by State statute.

Concentration Risk: The District's investment policy does not limit the amount that may be invested in any one issue. Investments of the District are diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issue or a specific class of securities.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Reconciliation of Deposits and Investment to the Statement of Net Position

The following is a reconciliation of deposits and investments as reported above to cash and cash equivalents reported on the statement of net position at fiscal year-end:

Investments (summarized above)		\$ 309,171,997
Carrying Amount of Deposits		541,794
Petty Cash		<u>300</u>
Total Cash and Cash Equivalents on Statement of Net Position		<u>\$ 309,714,091</u>

NOTE 4 – INTERFUND TRANSACTIONS

Interfund balances at fiscal year-end, as reported on the fund financial statements, consist of the following individual interfund receivables and payables:

Fund	Receivable	Payable
General Fund	\$ 593,809	\$ 25,223
Other Governmental Funds	-	594,864
Internal Service	<u>26,278</u>	-
Totals	<u>\$ 620,087</u>	<u>\$ 620,087</u>

These interfund balances are the result of Workers Compensation Premiums on wages earned but not yet paid that are due to the self-insurance fund and advances made by the District from the General Fund to cover negative cash balances in grant funds for draw requests expected to be received after year-end.

The District transferred \$7,500 from the General Fund and \$1,000 from the Locally Funded Grants Fund to the Student Activities Fund for donations collected on behalf of student organizations.

NOTE 5 – PROPERTY TAXES

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

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 5 – PROPERTY TAXES (CONTINUED)

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

Public utility property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Public utility 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.

Accrued property tax receivable includes real property, public utility property and tangible personal property taxes which are measurable at fiscal year-end 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. On a full accrual basis, collectible delinquent property taxes have been reported as a receivable and revenue, while on a modified accrual basis the revenue has been reported as a deferred inflow of resources.

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

	2020 Second Half		2021 First Half	
	<u>Amount</u>	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 1,593,840,710	95.71%	\$ 1,853,119,850	96.13%
Public Utility Personal	<u>71,401,190</u>	4.29%	74,542,490	3.87%
Total	<u>\$ 1,665,241,900</u>	<u>100.00%</u>	<u>\$ 1,927,662,340</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	78.69		87.96	

NOTE 6 – PAYMENTS IN LIEU OF TAXES

The District has entered into several Compensation Agreements with other local government entities resulting in the receipt of payments in lieu of taxes. The Compensation Agreements relate to the use of property tax abatements to encourage economic development. The District receives payments in lieu of taxes for projects at Broad Street, Easton, Creekside and other locations. For these projects, the District is to receive payments equal to the amount that the District would otherwise have received as real property tax payments derived from the improvements, absent the passage of the agreement. The District receives the payments directly from the County which collects the amounts for the agreements.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 6 – PAYMENTS IN LIEU OF TAXES (CONTINUED)

The District also receives payments in lieu of taxes from the City of Columbus, who has declared improvements to certain parcels of real property for the Stelzer-Stygler Community Reinvestment Area 100 percent exempt from property taxes. The District is to receive 46 percent of real property tax payments derived from the improvements had the exemption not been declared for improvements before March 25, 2002. For projects completed after March 25, 2002, the District will receive payments of 58 percent of real property tax payments derived from the improvements had the exemption not been declared and 50 percent of income tax collected for new employee payroll attributable to employment at each such project.

The District also receives payments in lieu of taxes from the City of Gahanna, whereas the City of Gahanna has declared improvements to certain parcels of real property within the City 100 percent exempt from property taxes. The District is to receive 50 percent of the amount of income taxes levied and collected by the City on employee payroll for that year, not to exceed 100 percent of the real property taxes foregone by the District for that year.

NOTE 7 – TAX ABATEMENTS

Under Community Reinvestment Area (CRA) and other property tax abatements entered into by the City of Gahanna and the City of Columbus, the District's property tax revenues were reduced by \$491,221 and \$510,769 during the fiscal year, respectively. Compensation payments received from the cities during the fiscal year totaled \$169,177.

NOTE 8 – LEASE AGREEMENTS

In August 2011, the District opened Clark Hall, a state-of-the-art learning facility that serves as an extension to the nearby Lincoln High School. In addition, the District entered into the following agreements related to Clark Hall.

Eastland-Fairfield Career and Technical School (EFCTS) - In May 2010, the District and EFCTS entered into a build-out, use and operations agreement granting EFCTS the right to occupy and use approximately 8,403 square feet of space in the Clark Hall Building from the District. The term of the agreement is for fifteen years.

As part of the consideration for the rights granted to EFCTS under this agreement, EFCTS contributed \$1,251,472 towards the cost of completion of the base improvements. This contribution will serve as base rent for the term of the agreement. In addition, EFCTS agreed to pay the cost of additional improvements to the premises as may be necessary (beyond the base improvements) to finish, equip, furnish, and otherwise prepare the premises for EFCTS's initial occupancy and use. As of fiscal year-end, the District has received \$912,531 from EFCTS for additional improvements made.

On February 24, 2012, the District entered into a ground lease agreement with Wagenbrenner Development, Inc., for design and construction of 24,000 square feet of new commercial space on the remaining undeveloped land adjacent to Clark Hall titled "The Commons at Clark Hall". The term of the lease is for a period of 85 years. The rent payable under the lease, per annum, for the first ten years is \$132,000. The rent payable will be adjusted every 10th year of the term.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the fiscal year was as follows:

Governmental Activities	<u>Beginning Balance*</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets				
Land	\$ 7,701,290	\$ -	\$ -	\$ 7,701,290
Construction in Progress	<u>6,501,066</u>	<u>19,662,801</u>	<u>(526,371)</u>	<u>25,637,496</u>
Total Nondepreciable Assets	<u>14,202,356</u>	<u>19,662,801</u>	<u>(526,371)</u>	<u>33,338,786</u>
Depreciable Capital Assets				
Land Improvements	9,520,788	93,370	(96,561)	9,517,597
Buildings and Improvements	77,710,797	2,530,330	(39,653)	80,201,474
Equipment and Fixtures	12,188,680	3,122,630	(536,631)	14,774,679
Vehicles	6,457,551	172,646	(71,374)	6,558,823
Textbooks	<u>3,698,341</u>	<u>-</u>	<u>(2,298,641)</u>	<u>1,399,700</u>
Total Depreciable Assets	<u>109,576,157</u>	<u>5,918,976</u>	<u>(3,042,860)</u>	<u>112,452,273</u>
Less accumulated depreciation				
Land Improvements	(6,385,448)	(243,369)	96,561	(6,532,256)
Buildings and Improvements	(43,430,385)	(1,371,185)	22,999	(44,778,571)
Equipment and Fixtures	(5,398,638)	(811,431)	505,335	(5,704,734)
Vehicles	(3,980,685)	(567,564)	71,374	(4,476,875)
Textbooks	<u>(3,257,422)</u>	<u>(176,208)</u>	<u>2,298,641</u>	<u>(1,134,989)</u>
Total accumulated depreciation	<u>(62,452,578)</u>	<u>(3,169,757)</u>	<u>2,994,910</u>	<u>(62,627,425)</u>
Depreciable Capital Assets, Net of accumulated depreciation	<u>47,123,579</u>	<u>2,749,219</u>	<u>(47,950)</u>	<u>49,824,848</u>
Capital Assets, Net	<u>\$ 61,325,935</u>	<u>\$ 22,412,020</u>	<u>\$ (574,321)</u>	<u>\$ 83,163,634</u>

*The District reviewed certain assets and made reclassifications as deemed appropriate.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 9 – CAPITAL ASSETS (CONTINUED)

Depreciation was charged to governmental functions as follows:

	<u>Amount</u>
Instruction:	
Regular	\$ 2,039,168
Special	12,125
Vocational	5,186
Support Services:	
Pupil	2,144
Instructional Staff	131,827
Board of Education	31,198
School Administration	76,487
Fiscal	5,570
Business	53,539
Operations and Maintenance	98,878
Pupil Transportation	529,987
Central	52,699
Non-instructional	93,921
Extracurricular Activities	<u>37,028</u>
Total Depreciation Expense	<u>\$ 3,169,757</u>

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GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 – LONG-TERM OBLIGATIONS

During the fiscal year, the following changes occurred in long-term obligations:

	Beginning			Ending	Due Within
	Balance	Additions	Reductions	Balance	One Year
Governmental Activities:					
<u>General Obligation Debt</u>					
2010 C Learning Center Bonds	\$ 1,915,920	\$ -	\$ (383,184)	\$ 1,532,736	\$ 383,184
2013 A and B			-		
Energy Conservation/Refunding	2,655,000	-	(300,000)	2,355,000	650,000
Premium	44,661	-	(11,166)	33,495	-
2014 Stadium Facility Note	453,268	-	(45,149)	408,119	46,148
2015 B Refunding			-		
Serial Bonds	2,455,000	-	(1,205,000)	1,250,000	1,250,000
Premium	101,276	-	(50,637)	50,639	-
2017 Refunding	9,245,000	-	(80,000)	9,165,000	380,000
2018 School Facilities					
Serial Bonds	29,920,000	-	(1,335,000)	28,585,000	860,000
Premium	2,349,877	-	(81,030)	2,268,847	-
2021 School Facilities					
Serial Bonds	-	205,665,000	-	205,665,000	7,075,000
Premium	-	14,050,465	(369,749)	13,680,716	-
Total General Obligation Debt	<u>49,140,002</u>	<u>219,715,465</u>	<u>(3,860,915)</u>	<u>264,994,552</u>	<u>10,644,332</u>
<u>Net Pension Liability</u>					
SERS	18,442,085	1,823,228	-	20,265,313	-
STRS	<u>85,980,638</u>	<u>9,845,985</u>	<u>-</u>	<u>95,826,623</u>	<u>-</u>
Total Net Pension Liability	<u>104,422,723</u>	<u>11,669,213</u>	<u>-</u>	<u>116,091,936</u>	<u>-</u>
<u>Net OPEB Liability</u>					
SERS	<u>7,717,080</u>	<u>-</u>	<u>(1,116,905)</u>	<u>6,600,175</u>	<u>-</u>
Total Net OPEB Liability	<u>7,717,080</u>	<u>-</u>	<u>(1,116,905)</u>	<u>6,600,175</u>	<u>-</u>
2010 Certificates of Participation	895,000	-	(755,000)	140,000	140,000
2021 Certificates of Participation	-	48,000,000	-	48,000,000	2,140,000
2021 Certificates of Participation Premium	-	3,252,007	(104,903)	3,147,104	-
Capital Lease	173,593	538,200	(192,415)	519,378	192,415
Compensated Absences	<u>6,176,713</u>	<u>694,143</u>	<u>(785,892)</u>	<u>6,084,964</u>	<u>491,001</u>
Total Other Long-Term Debt	<u>7,245,306</u>	<u>52,484,350</u>	<u>(1,838,210)</u>	<u>57,891,446</u>	<u>2,963,416</u>
2015 A Tax Anticipation Notes					
Serial Bonds	3,900,000	-	(745,000)	3,155,000	760,000
Premium	<u>115,661</u>	<u>-</u>	<u>(23,132)</u>	<u>92,529</u>	<u>-</u>
Total Tax Anticipation Notes	<u>4,015,661</u>	<u>-</u>	<u>(768,132)</u>	<u>3,247,529</u>	<u>760,000</u>
Total Governmental Activities	<u>\$ 172,540,772</u>	<u>\$ 283,869,028</u>	<u>\$ (7,584,162)</u>	<u>\$ 448,825,638</u>	<u>\$ 14,367,748</u>

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 – LONG-TERM OBLIGATIONS (CONTINUED)

Long-Term obligations of the District are included in the Statement of Net Position. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Bond Retirement and Permanent Improvement Funds.

2010 Learning Center Clark Hall Bonds

On February 16, 2010, the District issued \$14,682,770 in Learning Center Clark Hall Bonds for the purpose of school facilities construction in the Ohio School Facilities Commission program. The Series 2010A Bonds were issued in the amount of \$2,435,000 with interest costs increasing each year from 3.65 to 4.15 percent. The bonds were issued at a discount in the amount of \$34,897. This discount will be amortized over the life of the bond, on a straight-line basis. Payments on the bonds are made from the debt service fund. In fiscal year 2018, the Bonds were advance refunded with the Series 2017 Bonds.

The Series 2010B Bonds were issued in the amount of \$6,500,000 with interest costs increasing each year from 5.04 to 6.10 percent. This issuance was issued as Build America Bonds with the District receiving payments from the federal government for interest payments. In fiscal year 2013, the Bonds were advance refunded with the Series 2013 Bonds.

The Series 2010C Bonds were issued in the amount of \$5,747,770 with interest costs 1.50 percent. This issuance was issued as Qualified School Construction Bonds. The bonds mature on February 16, 2025.

2013 A and B Energy Conservation and Refunding Bonds

On June 27, 2013, the District issued \$10,795,000 in Energy Conservation and Refunding Bonds for the purpose of purchasing and installing energy conservation measures and refunding the 2010B Learning Center Bonds. The Series 2013A Bonds were issued in two parts with interest costs ranging from 1.50 to 4.00 percent. The 2013A-1 Bonds were issued for energy conservation measures in the amount of \$3,265,000 while the 2013A-2 Bonds were issued to refund the 2010B Learning Center Bonds in the amount of \$6,395,000. The bonds were issued at a premium in the amount of \$339,067. This premium will be amortized over the life of the bond, on a straight-line basis. Payments on the bonds are made from the debt service fund. The bonds mature on December 1, 2028. As a result of the advance refunding, the District reduced its total debt service requirements by \$430,564, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new (debt) of \$347,113. In fiscal year 2018, the 2013A portion of the Bonds were advance refunded with the Series 2017 Bonds.

The Series 2013B Bonds were issued in the amount of \$1,135,000 with interest costs increasing each year from 0.55 to 1.65 percent. This issuance was Taxable Energy Conservation Bonds and will be used to fund energy projects of the District.

2014 Stadium Facility Construction and Improvement Note

On May 27, 2014, the District borrowed \$700,000 for the purpose of construction, improvement, furnishings, and equipping of stadium bleacher facilities, with related site improvements. The note will be paid from the debt service fund and has an interest rate of 3.00 percent. The note has a term of 180 months. Payments in the amount of \$4,835 are due on the 27th of every month with the final payment due on May 27, 2029.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 – LONG-TERM OBLIGATIONS (CONTINUED)

2015 B Refunding Bonds

On April 14, 2015, the District issued \$6,725,000 in general obligation bonds for the purpose of advance refunding a portion of the Series 2005 Bonds. The bonds will be paid from the debt service fund and have interest rates ranging from 2.50 to 3.50 percent. As a result of the advance refunding, the District reduced its total debt service requirements by \$360,838, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new (debt) of \$345,777. The amount of defeased debt as of June 30, 2021 is \$0.

2017 Refunding Bonds

On December 11, 2017, the District issued \$9,405,000 in various purpose bonds for the purpose of advance refunding the remaining Series 2010 A Bonds and a portion of the Series 2013 A Bonds. The bonds will be paid from the debt service fund and has an interest rate of 2.110 percent. As a result of the advance refunding, the District reduced its total debt service requirements by \$523,300, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new (debt) of \$468,308. The amount of defeased debt as of June 30, 2021 is \$8,780,000.

2018 School Facilities Construction and Improvement Bonds

On August 14, 2018, the District issued \$32,000,000 in School Facilities Construction and Improvement Bonds for the purpose of school facilities construction, including a new elementary school, and renovating, improving, and constructing additions to school facilities; furnishing and equipping the same; and improving sites thereof. The Bonds were issued with interest rates ranging from 3.00 to 5.00 percent. The bonds were issued with a premium in the amount of \$2,511,937. This premium will be amortized over the life of the bond, on a straight-line basis. Payments on the bonds are made from the debt service fund. The bonds mature on December 1, 2048.

2021 School Facilities Construction and Improvement Bonds

On March 17, 2021, the District issued \$205,665,000 in School Facilities Construction and Improvement Bonds for the purpose of school facilities construction, including a new high school, and renovating, improving, and constructing improvements and additions to existing school facilities, buildings and infrastructure, including additional classroom and learning space capacity to accommodate student population growth; furnishing and equipping the same; improving sites thereof; and acquiring land and interests in land. The Bonds were issued with interest rates ranging from 2.00 to 4.00 percent. The bonds were issued with a premium in the amount of \$14,050,465. This premium will be amortized over the life of the bond, on a straight-line basis. Payments on the bonds are made from the debt service fund. The bonds mature on December 1, 2044.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 – LONG-TERM OBLIGATIONS (CONTINUED)

The following is a summary of future annual debt service requirements for maturity for the general obligation bonds:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 10,644,332	\$ 6,784,956	\$ 17,429,288
2023	10,905,999	6,543,549	17,449,548
2024	9,477,430	6,326,278	15,803,708
2025	6,138,951	6,141,138	12,280,089
2026	5,472,311	5,980,364	11,452,675
2027-2031	25,286,832	27,851,457	53,138,289
2032-2036	23,080,000	24,609,840	47,689,840
2037-2041	27,050,000	20,579,205	47,629,205
2042-2046	31,920,000	15,525,446	47,445,446
2047-2051	38,025,000	9,549,402	47,574,402
2052-2056	42,470,000	5,093,982	47,563,982
2057-2058	<u>18,490,000</u>	<u>492,675</u>	<u>18,982,675</u>
Total	<u>\$ 248,960,855</u>	<u>\$ 135,478,292</u>	<u>\$ 384,439,147</u>

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District’s legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District’s legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at fiscal year-end are voted debt limit of \$173,489,611 and an unvoted debt limit of \$1,927,662. At fiscal year-end, the District exceeded the voted debt limit, however, ORC 133.06 permits a school district to incur indebtedness in excess of the 9% direct debt limitation if, based on five-year projections showing annual property value growth of 3% or more, unless the State Superintendent determines that such school district is a “special needs” district. The State Superintendent determined that the District is a special needs district.

2010 Certificates of Participation

On February 1, 2010, the District entered into a ground lease agreement with Gahanna-Jefferson Education Foundation (Foundation) whereas the District leases a parcel of land to the Foundation, and subsequently constructs school facilities on the land, and the Foundation, in turn, subleases the land, and leases the constructed school facilities to the District.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 – LONG-TERM OBLIGATIONS (CONTINUED)

On February 16, 2010, the District issued \$6,565,000 in certificates of participation for the purpose of school facilities construction in the Ohio School Facilities Commission program. The maturity date for the bonds is December 1, 2021 with interest costs increasing each year from 1.42 to 5.54 percent. The proceeds of the bonds issued were reported in the capital project/building fund. Payments on the certificates were made from the general fund.

The Certificates of Participation evidence a proportionate interest in the base rent to be paid by the District under the ground lease agreement. Base rent payments will be recorded as expenditures in the debt service fund.

In the event of default, the District will, promptly return possession of the Project Facilities to the Foundation, and/or, at the Foundation’s option, the Foundation may enter and take immediate possession of and remove any or all of the personal property constituting Project Facilities. In addition, the District will remain liable for all covenants and obligations under the agreement, and for all legal fees and other costs and expenses to the extent permitted by law.

2021 Certificates of Participation

On March 15, 2021, the District issued \$48,000,000 in certificates of participation for the purpose of constructing, improving, furnishing, and equipping of school facilities, including but not limited to constructing a new high school. The maturity date for the bonds is December 1, 2050 with interest costs increasing each year from 2.00 to 4.00 percent. The certificates were issued with a premium in the amount of \$3,252,007. The proceeds of the certificates issued were reported in the capital project/building fund. Payments on the certificates will be made from the debt service fund.

The following is a summary of future base rent payments for the certificates of participation:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,280,000	\$ 921,504	\$ 3,201,504
2023	2,140,000	1,262,913	3,402,913
2024	1,435,000	1,220,112	2,655,112
2025	1,015,000	1,191,413	2,206,413
2026	1,045,000	1,160,962	2,205,962
2027-2031	5,735,000	5,292,413	11,027,413
2032-2036	6,870,000	4,155,062	11,025,062
2037-2041	8,060,000	2,971,763	11,031,763
2042-2046	9,240,000	1,786,437	11,026,437
2047-2051	<u>10,320,000</u>	<u>706,837</u>	<u>11,026,837</u>
Total	<u>\$ 48,140,000</u>	<u>\$ 20,669,416</u>	<u>\$ 68,809,416</u>

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 – LONG-TERM OBLIGATIONS (CONTINUED)

2015 A Permanent Improvement Levy Tax Anticipation Notes

On April 14, 2015, the District issued \$7,400,000 in permanent improvement levy tax anticipation notes. The source of revenue to retire the special obligation notes will be derived from voted property tax levies recorded in the permanent improvement fund. The notes will be paid from the debt service fund and have interest costs ranging from 2.00 to 3.00 percent. The notes were issued at a premium in the amount of \$231,321. This amortization will be amortized over the life of the notes, on a straight-line basis. The notes have a final maturity date of December 1, 2024.

The following is a summary of future principal and interest payments for the tax anticipation notes:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 760,000	\$ 71,650	\$ 831,650
2023	780,000	56,250	836,250
2024	795,000	36,525	831,525
2025	<u>820,000</u>	<u>12,300</u>	<u>832,300</u>
Total	<u>\$ 3,155,000</u>	<u>\$ 176,725</u>	<u>\$ 3,331,725</u>

Compensated Absences

Compensated absences represent accumulated vacation and an estimated severance liability for employees both eligible to retire and those expected to become eligible in the future. The entire compensated absences balance is reported on the entity-wide financial statements. For governmental fund financial statements, the compensated absences are reported only to the extent they have matured and will be paid with current financial resources. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as fund liability.

The District pays obligations related to employee compensation from the fund benefitting from their service, except for compensated absences, which are paid from the General Fund for governmental funds.

NOTE 11 – CAPITAL LEASE OBLIGATIONS

The District has entered into several lease agreements as lessee for financing the acquisition of copiers and computers. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the inception date. The copiers acquired through these capital leases had a book value of \$115,729 (\$289,323 cost less \$173,594 accumulated depreciation) at June 30, 2021. The computers were not capitalized as assets as their individual values fell below the District’s capitalization threshold.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 – CAPITAL LEASE OBLIGATIONS (CONTINUED)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 192,415	\$ -	\$ 192,415
2023	192,415	-	192,415
2024	<u>134,548</u>	<u>-</u>	<u>134,548</u>
Total	<u>\$ 519,378</u>	<u>\$ -</u>	<u>\$ 519,378</u>

NOTE 12 – RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year, the District purchased insurance coverage from Ohio School Plan. Coverage provided by Ohio School Plan is as follows:

<u>Coverage</u>	<u>Limits of Coverage</u>
Property	\$ 246,386,300
Employer's Liability Stop Gap	4,000,000
Educational Automobile	4,000,000
Educational General Liability	
General Aggregate	6,000,000

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

B. Employee Medical and Dental Insurance

The District provides health insurance through Medical Mutual of Ohio. The District pays 80% of the monthly premiums for a family plan and 90% for a single plan.

The District provides dental insurance to employees through Delta Dental. The Board pays 80% of the monthly premiums for a family plan and 90% for a single plan.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
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NOTE 12 – RISK MANAGEMENT (CONTINUED)

C. Workers' Compensation

The District maintains an internal service “self-insurance” workers’ compensation insurance fund in connection with formalized risk management programs in an effort to minimize risk exposure and control claims and premium costs. A claims liability of \$54,282 at fiscal year-end in the workers’ compensation self-insurance internal service fund reflects an estimate of incurred but unpaid claims liability. This liability was estimated by a third party based on claims experience. The District, effective January 1, 2014, contracted with Hunter consulting Co. to be the third party administrator for the District’s insurance program. The District has purchased stop loss coverage for individual employee claim amounts exceeding \$400,000.

NOTE 13 – 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 District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District’s obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the 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.

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NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 *due to other governments* on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the 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 District's contractually required contribution to SERS was \$1,488,779 for fiscal year 2021. Of this amount, \$88,519 is reported as due to other governments.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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 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 District's contractually required contribution to STRS was \$6,921,350 for fiscal year 2021. Of this amount, \$808,821 is reported as due to other governments.

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 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.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.3063905%	0.39603601%	
Prior Measurement Date	<u>0.3082324%</u>	<u>0.38879934%</u>	
Change in Proportionate Share	<u>-0.0018419%</u>	<u>0.00723667%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 20,265,313	\$ 95,826,623	\$ 116,091,936
Pension Expense	\$ 2,410,245	\$ 12,366,929	\$ 14,777,174

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 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.

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GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 39,364	\$ 215,012	\$ 254,376
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,286,435	4,660,059	5,946,494
Changes of Assumptions	-	5,144,038	5,144,038
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	-	2,083,635	2,083,635
District Contributions Subsequent to the Measurement Date	<u>1,488,779</u>	<u>6,921,350</u>	<u>8,410,129</u>
Total Deferred Outflows of Resources	<u>\$ 2,814,578</u>	<u>\$ 19,024,094</u>	<u>\$ 21,838,672</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ -	\$ 612,748	\$ 612,748
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	<u>96,004</u>	<u>2,254,230</u>	<u>2,350,234</u>
Total Deferred Inflows of Resources	<u>\$ 96,004</u>	<u>\$ 2,866,978</u>	<u>\$ 2,962,982</u>

\$8,410,129 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 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:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	\$ (75,860)	\$ 3,430,341	\$ 3,354,481
2023	366,673	863,889	1,230,562
2024	536,216	2,535,143	3,071,359
2025	<u>402,766</u>	<u>2,406,393</u>	<u>2,809,159</u>
	<u>\$ 1,229,795</u>	<u>\$ 9,235,766</u>	<u>\$ 10,465,561</u>

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.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2130.

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

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

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

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

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

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

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

<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 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 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 District’s proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the 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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net Pension Liability	\$ 27,761,005	\$ 20,265,313	\$ 13,976,286

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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	<u>1.00</u>	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.

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the 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 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net Pension Liability	\$ 136,440,428	\$ 95,826,623	\$ 61,409,806

NOTE 14 – DEFINED BENEFIT OPEB PLANS

See Note 13 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was \$151,770, which is reported as due to other governments.

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

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.3036900%	0.39603600%	
Prior Measurement Date	<u>0.3068680%</u>	<u>0.38879900%</u>	
Change in Proportionate Share	<u>-0.0031780%</u>	<u>0.00723700%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 6,600,175	\$ (6,960,325)	
OPEB Expense	\$ (2,083)	\$ (434,255)	\$ (436,338)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and			
Actual Experience	\$ 86,687	\$ 445,988	\$ 532,675
Net Difference between Projected and			
Actual Earnings on OPEB Plan Investments	74,370	243,935	318,305
Changes of Assumptions	1,125,101	114,896	1,239,997
Changes in Proportion and Differences between			
District Contributions and Proportionate			
Share of Contributions	-	370,588	370,588
District Contributions Subsequent to the			
Measurement Date	<u>151,770</u>	<u>-</u>	<u>151,770</u>
Total Deferred Outflows of Resources	<u>\$ 1,437,928</u>	<u>\$ 1,175,407</u>	<u>\$ 2,613,335</u>
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ 3,356,651	\$ 1,386,398	\$ 4,743,049
Changes of Assumptions	166,242	6,611,148	6,777,390
Changes in Proportion and Differences between			
District Contributions and Proportionate			
Share of Contributions	<u>581,997</u>	<u>629,308</u>	<u>1,211,305</u>
Total Deferred Inflows of Resources	<u>\$ 4,104,890</u>	<u>\$ 8,626,854</u>	<u>\$ 12,731,744</u>

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

\$151,770 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (591,852)	\$ (1,817,762)	\$ (2,409,614)
2023	(586,470)	(1,652,649)	(2,239,119)
2024	(587,348)	(1,594,731)	(2,182,079)
2025	(533,181)	(1,679,103)	(2,212,284)
2026	(383,976)	(372,546)	(756,522)
Thereafter	<u>(135,905)</u>	<u>(334,656)</u>	<u>(470,561)</u>
	<u>\$ (2,818,732)</u>	<u>\$ (7,451,447)</u>	<u>\$ (10,270,179)</u>

Actuarial Assumptions - SERS

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

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

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

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

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

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

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

<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 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>
District's Proportionate Share of the Net OPEB Liability	\$ 8,078,453	\$ 6,600,175	\$ 5,424,951
		<u>Current Trend Rate</u>	
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability	\$ 5,197,138	\$ 6,600,175	\$ 8,476,401

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the 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	<u>1.00</u>	2.25
Total	<u><u>100.00 %</u></u>	

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

*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 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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (6,055,937)	\$ (6,960,325)	\$ (7,727,668)
		<u>Current Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (7,680,037)	\$ (6,960,325)	\$ (6,083,612)

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 .1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15 – STATUTORY RESERVES

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the current fiscal year, the reserve activity was as follows:

	Captial Acquisition	Budget Stabilization
Set-aside cash balance as of July 1, 2020	\$ -	\$ 1,000,303
Current fiscal year set-aside requirement	1,379,867	-
Offset Credits	(4,617,880)	-
Total	(3,238,013)	1,000,303
 Set-aside balance at June 30, 2021	 \$ -	 \$ 1,000,303

The District had offset credits during the year that reduced the set-aside amounts below zero for the capital acquisition reserves. This extra amount may not be used to reduce the set-aside requirement in future fiscal years. Although Senate Bill 345 eliminated the required budget stabilization set-aside effective April 10, 2001, the District has opted to maintain their designation to offset any budget deficit the District may experience in future fiscal years.

NOTE 16 – ENCUMBRANCES

The District encumbers funds with purchase orders to assign funds for those purchases of goods and services. Outstanding encumbrances in the General Fund, Debt Service Fund, Building Fund, and Other Governmental Funds as of fiscal year end were \$1,603,194, \$115, \$1,438,201, and \$1,715,741, respectively.

NOTE 17 – CONTINGENCIES

A. Grants - The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

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 a result of fiscal year 2021 reviews, the District is owed a net amount of \$65,620 by ODE. This amount has been included in the financial statements.

B. Litigation - The District is a defendant in various lawsuits. The outcome and possible impact of these litigations is not presently determinable.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 18 – ACCOUNTABILITY AND COMPLIANCE

Fund balances at fiscal year-end included the following individual deficits:

<u>Other Governmental Funds</u>	<u>Deficit Fund Balances</u>
IDEA-B	\$ 152,202
Title III	10,047
Title I	31,284
ESSER	192,673
Coronavirus Relief Fund	1,400

The GAAP basis deficit balances in the Other Governmental Funds are a result of the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 19 - BUDGETARY BASIS OF ACCOUNTING

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

The Statement of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).
- (d) Advances-In and Advance-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 19 - BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

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

Net Change in Fund Balance

	<u>General Fund</u>
Budget Basis	\$ 9,525,719
Adjustments (net):	
Severance Fund Change	65,256
Health Benefits	1,852,043
Public Support Fund Change	2,130
Rotary Fund Change	1,558
Uniform School Supplies Fund Change	32,568
Revenue Accruals	29,336,874
Expenditure Accruals	(710,747)
Encumbrances	1,577,133
Interfund Transactions	<u>57,410</u>
GAAP Basis	<u>\$ 41,739,944</u>

With the implementation of GASB Statement No. 54, *Fund Balance Reporting*, the District’s Public School Support Fund, Special Rotary Fund, and Severance Fund, no longer meet the special revenue fund type criteria for reporting in the fiscal year-end external financial statements. In addition the District is no longer self -insured for health insurance. As such, these funds are presented as part of the District’s General Fund in the year-end financial statements. The budgetary comparison information in the fiscal year-end financial statements is the legally adopted budget for the general fund, without modification for the funds no longer meeting the special revenue criteria.

NOTE 20 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION/FUND BALANCES

Implementation of New Accounting Principles

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

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

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 20 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION/FUND BALANCES (CONTINUED)

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 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 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 District.

Additionally, the District became fully insured for health insurance benefits in the prior fiscal year and decided to restate beginning net position/fund balances to report assets and liabilities of the Health Insurance Fund as a part of the General Fund. Certain previously reported assets and liabilities were eliminated with the restatements due to their nature in relationship to reporting within the General Fund.

Restatement of Net Position/Fund Balances

The implementation of GASB 84 and health insurance change had the following effects on net position as reported June 30, 2020:

	Governmental Activities	Internal Service Fund
Net Position, June 30, 2020	\$ (60,988,639)	\$ 878,605
GASB Statement No. 84	500,623	-
Other Fund Reclass	<u>290,900</u>	<u>18,470</u>
Restated Net Position, June 30, 2020	<u>\$ (60,197,116)</u>	<u>\$ 897,075</u>

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 20 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION/FUND BALANCES (CONTINUED)

The implementation of GASB 84 and health insurance change had the following effects on fund balance as reported June 30, 2020:

	General Fund	Other Governmental Funds
	<u> </u>	<u> </u>
Fund Balance (Deficit), June 30, 2020	\$ 8,997,862	\$ (1,156,081)
GASB Statement No. 84	-	500,623
Other Fund Reclassification	<u>272,430</u>	<u>-</u>
Restated Fund Balance (Deficit), June 30, 2020	<u>\$ 9,270,292</u>	<u>\$ (655,458)</u>

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

	Fiduciary Funds	
	Private Purpose Trust	Agency
	<u> </u>	<u> </u>
Net Position, June 30, 2020	\$ 122,547	\$ -
GASB Statement No. 84	(122,547)	-
Adjustments:		
Assets	-	(399,998)
Liabilities	<u>-</u>	<u>399,998</u>
Restated Net Position, June 30, 2020	<u>\$ -</u>	<u>\$ -</u>

NOTE 21 – COVID-19

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

During fiscal years 2021, the District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. None of the amounts received were sub-granted to other governments or organizations, returned to the granting agency, or spent on-behalf of other governments. The District did not receive significant amounts of donated personal protective equipment as an on-behalf of grant from another government.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 22 – SUBSEQUENT EVENTS

For fiscal year 2022, school district foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the educating school. For fiscal year 2021, the District reported \$3,278,222 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 District’s state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

REQUIRED SUPPLEMENTARY INFORMATION

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**

LAST EIGHT FISCAL YEARS (1)

	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.3063905%	0.3082324%	0.3114004%	0.3304801%	0.2984075%	0.2945631%	0.3000710%	0.3000710%
District's Proportionate Share of the Net Pension Liability	\$ 20,265,313	\$ 18,442,085	\$ 17,834,478	\$ 19,745,456	\$ 21,840,676	\$ 16,808,056	\$ 15,186,423	\$ 17,844,261
District's Covered Payroll	\$ 10,867,857	\$ 10,464,318	\$ 10,488,669	\$ 10,674,897	\$ 9,259,397	\$ 8,648,310	\$ 8,025,086	\$ 8,654,942
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	186.47%	176.24%	170.04%	184.97%	235.88%	194.35%	189.24%	206.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM OF OHIO**

LAST EIGHT FISCAL YEARS (1)

	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.39603601%	0.38879934%	0.39886196%	0.41340619%	0.39767846%	0.39503147%	0.39587666%	0.39587666%
District's Proportionate Share of the Net Pension Liability	\$ 95,826,623	\$ 85,980,638	\$ 87,700,789	\$ 98,205,527	\$ 133,114,968	\$ 109,175,144	\$ 96,290,905	\$ 114,701,095
District's Covered Payroll	\$ 48,046,950	\$ 45,751,189	\$ 45,496,546	\$ 44,747,347	\$ 42,692,134	\$ 42,275,986	\$ 43,138,423	\$ 42,871,508
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	199.44%	187.93%	192.76%	219.47%	311.80%	258.24%	223.21%	267.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually Required Contribution	\$ 1,488,779	\$ 1,521,500	\$ 1,412,683	\$ 1,415,971
Contributions in Relation to the Contractually Required Contribution	\$ 1,488,779	\$ 1,521,500	\$ 1,412,683	\$ 1,415,971
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 10,634,136	\$ 10,867,857	\$ 10,464,318	\$ 10,488,669
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%

See accompanying notes to the required supplementary information.

2017	2016	2015	2014	2013	2012
\$ 1,494,485	\$ 1,296,316	\$ 1,139,847	\$ 1,112,277	\$ 1,197,844	\$ 1,120,535
\$ 1,494,485	\$ 1,296,316	\$ 1,139,847	\$ 1,112,277	\$ 1,197,844	\$ 1,120,535
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 10,674,897	\$ 9,259,397	\$ 8,648,310	\$ 8,025,086	\$ 8,654,942	\$ 8,331,117
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO**

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution	\$ 6,921,350	\$ 6,726,573	\$ 6,405,166	\$ 6,369,516
Contributions in Relation to the Contractually Required Contribution	<u>\$ 6,921,350</u>	<u>\$ 6,726,573</u>	<u>\$ 6,405,166</u>	<u>\$ 6,369,516</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 49,438,214	\$ 48,046,950	\$ 45,751,189	\$ 45,496,546
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

2017	2016	2015	2014	2013	2012
\$ 6,264,629	\$ 5,976,899	\$ 5,918,638	\$ 5,607,995	\$ 5,573,296	\$ 5,443,314
\$ 6,264,629	\$ 5,976,899	\$ 5,918,638	\$ 5,607,995	\$ 5,573,296	\$ 5,443,314
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 44,747,347	\$ 42,692,134	\$ 42,275,986	\$ 43,138,423	\$ 42,871,508	\$ 41,871,649
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**

LAST FIVE FISCAL YEARS (1)

	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability	0.3036900%	0.3068680%	0.3114182%	0.3287591%	0.3092040%
District's Proportionate Share of the Net OPEB Liability	\$ 6,660,175	\$ 7,717,080	\$ 8,639,582	\$ 8,823,030	\$ 8,813,459
District's Covered Payroll	\$ 10,867,857	\$ 10,464,318	\$ 10,488,669	\$ 10,674,897	\$ 9,259,397
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	61.28%	73.75%	82.37%	82.65%	95.18%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB (ASSET) LIABILITY
STATE TEACHERS RETIREMENT SYSTEM OF OHIO**

LAST FIVE FISCAL YEARS (1)

	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB (Asset) Liability	0.39603600%	0.38879900%	0.39886196%	0.41340619%	0.39767846%
District's Proportionate Share of the Net OPEB (Asset) Liability	\$ (6,960,325)	\$ (6,439,445)	\$ (6,409,305)	\$ 16,129,585	\$ 21,267,946
District's Covered Payroll	\$ 48,046,950	\$ 45,751,189	\$ 45,496,546	\$ 44,747,347	\$ 42,692,134
District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-14.49%	-14.07%	-14.09%	36.05%	49.82%
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.

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

See accompanying notes to the required supplementary information.

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually Required Contribution (1)	\$ 151,770	\$ 127,693	\$ 197,399	\$ 201,089
Contributions in Relation to the Contractually Required Contribution	<u>\$ 151,770</u>	<u>\$ 127,693</u>	<u>\$ 197,399</u>	<u>\$ 201,089</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 10,634,136	\$ 10,867,857	\$ 10,464,318	\$ 10,488,669
Contributions as a Percentage of Covered Payroll	1.43%	1.17%	1.89%	1.92%

(1) Includes Surcharge

See accompanying notes to the required supplementary information.

2017	2016	2015	2014	2013	2012
\$ 148,645	\$ 151,648	\$ 201,623	\$ 129,245	\$ 139,245	\$ 166,103
\$ 148,645	\$ 151,648	\$ 201,623	\$ 129,245	\$ 139,245	\$ 166,103
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 10,674,897	\$ 9,259,397	\$ 8,648,310	\$ 8,025,086	\$ 8,654,942	\$ 8,331,117
1.39%	1.64%	2.33%	1.61%	1.61%	1.99%

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO**

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 49,438,214	\$ 48,046,950	\$ 45,751,189	\$ 45,496,546
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information.

2017	2016	2015	2014	2013	2012
\$ -	\$ -	\$ -	\$ 431,384	\$ 428,715	\$ 418,716
\$ -	\$ -	\$ -	\$ 431,384	\$ 428,715	\$ 418,716
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 44,747,347	\$ 42,692,134	\$ 42,275,986	\$ 43,138,423	\$ 42,871,508	\$ 41,871,649
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO SCHEDULES OF 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.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 – NET OPEB LIABILITY

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.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Benefit Terms – STRS

For fiscal year 2021, there were no changes to the claims costs process. Claim curves were updated to reflect the projected fiscal year 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to .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 2020, 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 2019, 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.

GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal Assistance Listing Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
<i>Passed Through Ohio Department of Education:</i>		
Child Nutrition Cluster		
Non-Cash Assistance (Food Distribution):		
School Breakfast Program	10.553	\$ 59,982
National School Lunch Program	10.555	206,960
Non-Cash Assistance Subtotal		<u>266,942</u>
Cash Assistance:		
School Breakfast Program	10.553	296,846
COVID-19 School Breakfast Program	10.553	52,582
National School Lunch Program	10.555	1,178,789
COVID-19 National School Lunch Program	10.555	90,042
Cash Assistance Subtotal		<u>1,618,259</u>
Total Child Nutrition Cluster		<u>1,885,201</u>
Total U.S. Department of Agriculture		<u>1,885,201</u>
<u>U.S. DEPARTMENT OF TREASURY</u>		
<i>Passed Through Ohio Department of Education:</i>		
COVID-19 Coronavirus Relief Fund	21.019	392,614
COVID-19 BroadbandOhio Connectivity Grant	21.019	13,900
Total U.S. Department of Treasury		<u>\$ 406,514</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>		
<i>Passed Through Ohio Department of Education:</i>		
Special Education Cluster:		
Special Education - Grants to States	84.027	1,659,528
Special Education - Grants to States (Restoration)	84.027	2,568
Total Special Education - Grants to States		<u>1,662,096</u>
Special Education - Preschool Grants	84.173	39,768
Total Special Education - Preschool Grants		<u>39,768</u>
Total Special Education Cluster		<u>1,701,864</u>
Title I Grants to Local Educational Agencies	84.010	1,106,374
Total Title I Grants to Local Educational Agencies		<u>1,106,374</u>
English Language Acquisition State Grants	84.365	77,288
Total English Language Acquisition State Grants		<u>77,288</u>
Supporting Effective Instruction State Grants	84.367	40,405
Total Supporting Effective Instruction State Grants		<u>40,405</u>
Student Support and Academic Enrichment Program	84.424	62,020
Total Student Support and Academic Enrichment Program		<u>62,020</u>
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	839,754
Total COVID-19 Elementary and Secondary School Emergency Relief Fund		<u>839,754</u>
Total U.S. Department of Education		<u>\$ 3,827,705</u>
Total Federal Expenditures		<u>\$ 6,119,420</u>

The accompanying notes to this schedule are an integral part of this schedule.

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN 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 Gahanna-Jefferson Public School District (the 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 District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D- CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Gahanna-Jefferson Public School District
Franklin County
160 South Hamilton Road
Gahanna, Ohio 43230

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 Gahanna-Jefferson Public School District, Franklin, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 3, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

May 3, 2022

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Gahanna-Jefferson Public School District
Franklin County
160 South Hamilton Road
Gahanna, Ohio 43230

To the Board of Education:

Report on Compliance for the Major Federal Programs

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Elementary and Secondary School Emergency Relief Fund

As described in finding 2021-001 and 2021-002 in the accompanying schedule of findings, the District did not comply with requirements regarding allowable activities, allowable costs/cost principles and reporting applicable to its AL# 84.425D Elementary and Secondary School Emergency Relief Fund (ESSER) major federal program. Compliance with these requirements are necessary, in our opinion, for the District to comply with requirements applicable to this program.

Qualified Opinion on ESSER

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion on Elementary and Secondary School Emergency Relief Fund paragraph, Gahanna-Jefferson Public School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its Elementary and Secondary School Emergency Relief Fund for the year ended June 30, 2021.

Unmodified Opinion on the Other Major Federal Program

In our opinion, Gahanna-Jefferson Public School District complied in all material respects with the requirements referred to above that could directly and materially affect its other major federal program identified in the Summary of Auditor's Results section of the accompanying schedule of findings for the year ended June 30, 2021.

Other Matters

The District's responses to our noncompliance findings are described in the accompanying corrective action plan. We did not subject the District's responses to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying schedule of findings as item 2021-001.

The District's response to our internal control over compliance finding is described in the accompanying corrective action plan. We did not subject the District's response to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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



Keith Faber
Auditor of State
Columbus, Ohio

May 3, 2022

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**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN 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?	Yes
(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 – Title I Grants to Local Educational Agencies, AL # 84.010 Qualified - Elementary and Secondary School Emergency Relief Fund, AL# 84.425D
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Title I Grants to Local Educational Agencies, AL # 84.010 Elementary and Secondary School Emergency Relief Fund, AL# 84.425D
(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.

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021
(continued)**

3. FINDINGS FOR FEDERAL AWARDS

Noncompliance / Material Weakness

Finding Number:	2021-001
Assistance Listing Number and Title:	84.425D COVID-19 - Elementary and Secondary School Emergency Relief Fund
Federal Award Identification Number / Year:	2021
Federal Agency:	U.S. Department of Education
Compliance Requirement:	Reporting – Final Expenditure Report
Pass-Through Entity:	Ohio Department of Education
Repeat Finding from Prior Audit?	No

Noncompliance/Material Weakness

2 C.F.R. § 3474.1 gives regulatory effect to the Department of Education for **2 C.F.R. § 200.302(b)(2)** which states, in part, the financial management system of each non-Federal entity must provide for the accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in **§ 200.328**. **2 C.F.R. § 200.328** states, in part, this information must be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes, and preferably in coordination with performance reporting.

2 C.F.R. § 200.344(a) states, in part, a subrecipient must submit to the pass-through entity, no later than 90 calendar days (or an earlier date as agreed upon by the pass-through entity and subrecipient) after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award.

Ohio Department of Education Grants Manual requires a final expenditure report (FER) to be submitted to show how grant funds were expended during the grant period for each project immediately after all financial obligations have been liquidated. FERs are to be submitted by September 30.

The District did not start and submit the FER until October 4, 2021, four days after the deadline of September 30, 2021; in addition the FER was not supported by the accounting records and did not include all expenditures posted to the expenditure ledgers. The District's FER included purchased service expenditures of \$121,217 while the ledgers showed \$181,274, with a difference of \$60,057.

The District lacked procedures to ensure the amounts submitted in the Final Expenditure Report were supported by the District's accounting system. Not reporting accurate expenditures in the Final Expenditure Report could lead to inaccurate tracking of grants by the District resulting in the District having unused grant funds, not drawing down all funds available to the District, or overspending the District's grant allocation.

The Final Expenditure Report should report actual federal expenditures supported by the District's accounting records. The Treasurer should reconcile the Final Expenditure Report to District accounting records to help identify variances. This will help ensure actual expenditures reported on the Final Expenditure Report are complete and accurate.

Officials' Response: See Corrective Action Plan

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021
(continued)**

3. FINDINGS FOR FEDERAL AWARDS (CONTINUED)

Noncompliance

Finding Number:	2021-002
Assistance Listing Number and Title:	84.425D COVID-19 - Elementary and Secondary School Emergency Relief Fund
Federal Award Identification Number / Year:	2021
Federal Agency:	U.S. Department of Education
Compliance Requirement:	Allowable Activities, Allowable Costs/Cost Principles
Pass-Through Entity:	Ohio Department of Education
Repeat Finding from Prior Audit?	No

Noncompliance

2 C.F.R. § 3474.1 gives regulatory effect to the Department of Education for **2 C.F.R. § 200**. Because of this, the following items of § 200 are also given regulatory effect to the Department of Education.

2 C.F.R. § 200.303(a) states, in part, the non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

H.R. 748, CARES Act, Public Law 116-136; Sec. 18003(d) states, a local educational agency that receives funds under this title (pertaining to the Elementary and Secondary School Emergency Relief Fund) may use the funds for any of the following:

- (1) Any activity authorized by the ESEA of 1965, including the Native Hawaiian Education Act and the Alaska Native Educational Equity, Support, and Assistance Act (20 U.S.C. 6301 et seq.), the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.) ("IDEA"), the Adult Education and Family Literacy Act (20 U.S.C. 1400 et seq.), the Carl D. Perkins Career and Technical Education Act of 2006 (20 U.S.C. 2301 et seq.) ("the Perkins Act"), or subtitle B of title VII of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11431 et seq.).
- (2) Coordination of preparedness and response efforts of local educational agencies with State, local, Tribal, and territorial public health departments, and other relevant agencies, to improve coordinated responses among such entities to prevent, prepare for, and respond to coronavirus.
- (3) Providing principals and other school leaders with the resources necessary to address the needs of their individual schools.
- (4) Activities to address the unique needs of low-income children or students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youth, including how outreach and service delivery will meet the needs of each population.
- (5) Developing and implementing procedures and systems to improve the preparedness and response efforts of local educational agencies.
- (6) Training and professional development for staff of the local educational agency on sanitation and minimizing the spread of infectious diseases.
- (7) Purchasing supplies to sanitize and clean the facilities of a local educational agency, including buildings operated by such agency.
- (8) Planning for and coordinating during long-term closures, including for how to provide meals to eligible students, how to provide technology for online learning to all students, how to provide guidance for carrying out requirements under the Individuals with Disabilities Education Act (20

**GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021
(continued)**

3. FINDINGS FOR FEDERAL AWARDS (CONTINUED)

U.S.C. 1401 et seq.) and how to ensure other educational services can continue to be provided consistent with all Federal, State, and local requirements.

(9) Purchasing educational technology (including hardware, software, and connectivity) for students who are served by the local educational agency that aids in regular and substantive educational interaction between students and their classroom instructors, including low-income students and students with disabilities, which may include assistive technology or adaptive equipment.

(10) Providing mental health services and supports.

(11) Planning and implementing activities related to summer learning and supplemental afterschool programs, including providing classroom instruction or online learning during the summer months and addressing the needs of low-income students, students with disabilities, English learners, migrant students, students experiencing homelessness, and children in foster care.

(12) Other activities that are necessary to maintain the operation of and continuity of services in local educational agencies and continuing to employ existing staff of the local educational agency.

During testing we identified two expenditures for graduation to be held at the Schottenstein Center (the Center), a venue that is not owned by the District. The District has typically held their graduation services at the Center. The District continued this practice in 2021 using Elementary and Secondary School Emergency Relief (ESSER) funds under the CARES Act to cover the related expenditures. The District subsequently failed to show that the expenditures fit under any of the acceptable use categories under Sec. 18003(d), specifically that the expenditures related to an activity that was necessary to maintain the operation of and continuity of services for the District. As a result, the District's rental expenditures of the Center, totaling \$36,853.42, were determined to be unallowable as prescribed by the terms and conditions of the Federal award. The District was able to identify replacement allowable expenditures of personal protective equipment that covered the full amount of identified unallowable costs above. The District adjusted their accounting records accordingly and the replacement expenditures were tested, without issue, for allowable activity and cost principles as prescribed in OMB Compliance Supplement sections A and B.

We recommend the District review the federal award allowable uses and work with the pass through entity to determine if costs are allowable prior to payment. Failure to review the federal award allowable uses could lead to increased non-compliance and questioned costs.

Officials' Response: See Corrective Action Plan



CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
June 30, 2021

Finding Number: 2021-001
Planned Corrective Action: Timely filing of Final Expenditure Report(s)
Anticipated Completion Date: 09/30/2022
Responsible Contact Person: J. Scott Gooding II, Treasurer/CFO
Action Plan: Plans are in place and tasks assigned to appropriate personnel to ensure that transactions are processed, final expenditure reports are entered, and approval of said final expenditure reports are submitted/approved no later than 09/30/2022.

Finding Number: 2021-002
Planned Corrective Action: Ensure only allowable activities, allowable costs are charged to federal award grants
Anticipated Completion Date: 06/30/2022
Responsible Contact Person: J. Scott Gooding II, Treasurer/CFO
Action Plan: District staff involved with and managing federal award grants will vet and review all proposals to ensure that the funds are in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. Monthly grant meetings have been established involving academic and financial leadership team members. Proposals will be discussed, reviewed and approved to ensure adherence to 2 C.F.R. § 200.303.

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OHIO AUDITOR OF STATE KEITH FABER



GAHANNA-JEFFERSON PUBLIC SCHOOL DISTRICT

FRANKLIN 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 6/2/2022

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
www.ohioauditor.gov