LICKING VALLEY LOCAL SCHOOL DISTRICT
LICKING COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2021

OHIO AUDITOR OF STATE
KEITH FABER

LICKING VALLEY LOCAL SCHOOL DISTRICT
LICKING COUNTY
JUNE 30, 2021

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LICKING COUNTY
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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Licking Valley Local School District
Licking County
1379 Licking Valley Road NE
Newark, Ohio 43055

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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 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 disclosed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matter

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 June 14, 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

June 14, 2022

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The discussion and analysis of the financial performance of Licking Valley Local School District, Licking County, (the District) provides an overall review of the District's financial activities 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 basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately $14.7 million (net position), an increase of $841,611 during the fiscal year.

- General revenues accounted for approximately $21.2 million, or 79% of all revenues. Program specific revenues in the form of operating grants and contributions and charges for services and sales accounted for approximately $5.5 million or 21% of total revenues.

- The District's major funds included the General Fund and the Bond Retirement Fund. The General Fund had approximately $21.9 million in revenues and other financing sources and approximately $20.0 million in expenditures and other financing uses. The General Fund's fund balance increased approximately $2.0 million in comparison with the prior fiscal year. The Bond Retirement Fund had $950,587 in revenues and $961,100 in expenditures. The Bond Retirement Fund's balance decreased $10,513 from the prior fiscal year.

Using the Basic Financial Statements

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

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

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column.

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

Reporting the District as a Whole

Statement of Net Position and Statement of Activities

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

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

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

• Governmental Activities - All of the District's programs and services are reported here including instruction, support services, non-instructional services, operation of non-instructional services (food service), and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its multitude of financial transactions, the fund financial statements focus on the District's most significant funds. The General Fund and the Bond Retirement Fund are the District's most significant major governmental funds. A description of the financial activities of these major funds can be found in the notes to the basic financial statements.

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

The District as a Whole

The following table provides a summary of the District's net position for fiscal year 2021 compared to fiscal year 2020.

Net Position
Governmental Activities

	2021	Restated 2020
Current and Other Assets	$ 23,184,306	$ 20,247,918
Capital Assets, Net	30,781,156	32,219,318
Net OPEB Asset	1,384,996	1,295,527
Total Assets	55,350,458	53,762,763
Pension	4,396,373	4,332,365
OPEB	732,809	503,627
Total Deferred Outflows of Resources	5,129,182	4,835,992
Current Liabilities	1,977,116	2,129,552
Long-Term Liabilities	34,492,897	33,632,283
Total Liabilities	36,470,013	35,761,835
Deferred Property Taxes	6,229,962	5,381,268
Pension	282,646	1,261,037
OPEB	2,794,557	2,324,150
Deferred Amount on Refunding	43,257	52,871
Total Deferred Inflows of Resources	9,350,422	9,019,326
Net Position:		
Net Investment in Capital Assets	25,367,783	25,739,572
Restricted	3,269,288	2,843,493
Unrestricted	(13,977,866)	(14,765,471)
Total Net Position	$ 14,659,205	$ 13,817,594

Current and Other Assets increased significantly in comparison with the prior fiscal year-end. This increase is primarily the result of increases in cash and cash equivalents and property taxes receivable. The increase in cash and cash equivalents is primarily the result of an increase in grant funding resulting from COVID-19. The increase in property taxes receivable is primarily the result of increases in assessed values of property within the District.

Capital Assets decrease significantly in comparison with the prior fiscal year-end. This decrease is the result of current year depreciation.

The net pension and net OPEB liabilities, net pension asset, and related deferred outflows and inflows of resources related to pension/OPEB 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.

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The following table reflects the changes in net position for fiscal year 2021 compared to fiscal year 2020.

Change in Net Position
Governmental Activities

Revenues:	2021	2020
Program Revenues		
Charges for Services and Sales	$ 2,170,923	$ 2,364,550
Operating Grants and Contributions	3,296,885	1,966,273
Total Program Revenues	5,467,808	4,330,823
General Revenues		
Property Taxes	6,376,441	6,055,461
Income Taxes	2,923,961	2,809,488
Grants and Entitlements	11,469,723	11,182,981
Interest	8,038	178,622
Other Revenue	382,422	202,935
Total General Revenue	21,160,585	20,429,487
Total Revenues	26,628,393	24,760,310
Expenses:		
Program Expenses		
Instruction	15,138,007	14,967,166
Support Services	8,797,227	9,101,045
Non-Instructional	914,499	900,021
Extra Curricular Activities	801,601	771,849
Interest and Fiscal Charges	135,448	163,006
Total Expenses	25,786,782	25,903,087
Changes in Net Position	841,611	(1,142,777)
Net Position at Beginning of Year	13,817,594	14,913,670
Restatement, See Note 21	-	46,701
Net Position at End of Year	$ 14,659,205	$ 13,817,594

The comparative column was not restated for the implementation of GASB 84.

Operating Grants and Contributions increased significantly in comparison with the prior fiscal year. This increase is primarily the result of an increase in grant funding related to COVID-19.

The District is dependent on property and income taxes and is hampered by a lack of revenue growth. The District must periodically return to the voters to maintain a constant level of service. Property and income taxes made up approximately 24 and 11 percent of the District's revenues in fiscal year 2021, respectively.

Instruction expenses comprise approximately 58 percent of governmental program expenses, and support services make up approximately 35 percent of the program expenses of the District.

The Statement of Activities shows the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements. A comparative analysis of fiscal year 2021 to 2020 follows:

	Fiscal Year 2021		**Fiscal Year 2020**	
Program Expenses	**Total Cost of Services**	**Net Cost of Services**	**Total Cost of Services**	**Net Cost of Services**
Instruction	$ 15,138,007	$ 11,933,812	$ 14,967,166	$ 12,390,757
Support Services:				
Pupil	905,270	563,361	796,246	517,008
Instructional Staff	563,940	559,513	550,568	548,335
Board of Education	44,361	41,922	43,054	43,054
Administration	2,525,440	2,318,118	2,651,939	2,426,833
Fiscal Services	562,887	562,887	585,255	585,255
Business Operations	63,690	63,690	79,439	79,439
Maintenance	2,354,919	2,253,973	2,439,700	2,325,319
Pupil Transportation	1,322,039	1,322,039	1,584,360	1,584,360
Central	454,681	454,681	370,484	369,595
Noninstructional Services	914,499	(311,743)	900,021	117,154
Extracurricular Activities	801,601	421,273	771,849	422,149
Interest and Fiscal Charges	135,448	135,448	163,006	163,006
Total Expenses	$ 25,786,782	$ 20,318,974	$ 25,903,087	$ 21,572,264

The dependence upon tax revenues and unrestricted state entitlements is apparent. Program revenues offset only 83 percent of instruction activities. For all program expenses, support from general revenues is 79 percent. It is apparent that the community, as a whole, is the primary support for the District's students.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to help 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 a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year, the District's governmental funds reported combined ending fund balances of approximately $14.2 million, an increase of approximately $2.2 million in comparison with the prior fiscal year. Of this amount, approximately $10.6 million constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of fund balance not available for new spending because it is; (1) not in spendable form ($167,199); (2) restricted for specific purposes (approximately $3.1 million); or (3) assigned to specific purposes (approximately $356,850).

The schedule below indicates the fund balance and the total change in fund balance by major fund and other governmental funds as of June 30, 2021 and 2020.

	Fund Balance June 30, 2021	Fund Balance June 30, 2020	Increase (Decrease)
General Fund	$ 11,195,751	$ 9,243,082	$ 1,952,669
Bond Retirement Fund	1,052,988	1,063,501	(10,513)
Other Governmental Funds	1,965,140	1,756,087	209,053
Total	$ 14,213,879	$ 12,062,670	$ 2,151,209

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the general fund was approximately $11 million, while total fund balance was approximately $11.2 million. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Unassigned fund balance represents 56% of total general fund expenditures and total fund balance represents 57% of that same amount.

The District's Bond Retirement Fund balance decreased by $10,513 during the current fiscal year. This decrease represents the amount in which debt service payments exceeded property taxes and related revenues during the fiscal year.

Fund balance in the District's Other Governmental Funds increased $209,053 in comparison with the prior fiscal year-end. Key components of this increase were an increase of $204,857 in the permanent improvement fund resulting from a $300,000 transfer in from the general fund, a $256,731 increase in the food service fund, which represents the amount in which grant revenues and charges for services exceeded expenditures, and a decrease of $199,106 in the ESSER fund as a result of the timing of grant draw downs.

Budgetary Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2021, the District amended its General Fund budget as needed.

The variance between final estimated receipts and other financing sources and final actual receipts and other financing sources was insignificant.

Final expenditures and other financing uses were budgeted at approximately $20.5 million while final actual expenditures and other financing uses were approximately $19.9 million, for a variance of $588,511. This variance is primarily due to a conservative "worst case scenario" approach to budgeting. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

Capital Assets and Debt Administration

Capital Assets

At fiscal year-end, the District's capital assets (net of accumulated depreciation) were approximately $30.8 million, a decrease of approximately $1.4 million in comparison with the prior fiscal year. This decrease represents the amount by which current year depreciation (approximately $1.9 million) and net disposals of $19,036, exceeded current year additions of $477,039. For further information regarding the District's capital assets, see Note 9 to the basic financial statements.

Debt

At June 30, 2021, the District had approximately $5.5 million in general obligation bonds, notes from direct borrowings and other related debt outstanding, a decrease of approximately $1.1 million during the fiscal year. This decrease represents current year debt service (approximately $1.0 million) and amortization of bond premiums ($33,995).

Section 133.06 of the Revised Code provides that, exclusive of certain "exempt debt," the net principal amount of unvoted general obligation debt of a District may not exceed one-tenth (0.10%) of one percent of the total assessed property value listed within the District. Section 133.06 also provides that the net principal amount of voted and unvoted general obligation debt of any District may not exceed nine (9.0%) of the total assessed value, except as in the case of a special needs school district. At fiscal year-end, the District complied with both limits.

For further information regarding the District's debt, see Note 14 to the basic financial statements.

Economic Factors

The District is holding its own in the state of uncertainty in State funding. Over the past several years, the District has remained in a good financial position. In 1988, the District passed a 7.5 mil-continuing levy. This levy provides a continuous source of funds for the financial operations and stability of the District.

The District also passed a 1.0% Continuous Income Tax levy for operating in 1993 and returned 5 mills of the 1988 levy back to the taxpayers. This generates approximately $2.8 million additional revenue to be used for operational expenses of the District. The District has operated for 28 years without asking the taxpayers for more operational dollars.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Andrew Douglass, Treasurer, Licking Valley Local School District, 1379 Licking Valley Road NE, Newark, Ohio 43055.

LICKING VALLEY LOCAL SCHOOL DISTRICT
LICKING COUNTY

STATEMENT OF NET POSITION
AS OF JUNE 30, 2021

	Governmental Activities
Assets:	
Cash and Cash Equivalents	$ 14,628,849
Property Taxes Receivable	6,748,712
Income Taxes Receivable	1,194,648
Intergovernmental Receivable	422,848
Accounts Receivable	15,404
Materials and Supplies Inventory	6,646
Prepaid Items	167,199
Non-Depreciable Capital Assets	733,300
Depreciable Capital Assets, Net	30,047,856
Net OPEB Asset	1,384,996
Total Assets	55,350,458
Deferred Outflows of Resources	
Pension	4,396,373
OPEB	732,809
Total Deferred Outflows of Resources	5,129,182
Liabilities:	
Accounts Payable	82,450
Accrued Wages and Benefits	1,592,828
Intergovernmental Payable	288,361
Accrued Interest Payable	13,477
Long-Term Liabilities:	
Due within One Year	1,244,280
Due in More Than One Year:	
Net Pension Liability	25,344,138
Net OPEB Liability	2,130,967
Other Amounts Due in More Than One Year	5,773,512
Total Liabilities	36,470,013
Deferred Inflows of Resources:	
Property Taxes	6,229,962
Pension	282,646
OPEB	2,794,557
Deferred Amount on Refunding	43,257
Total Deferred Inflows of Resources	9,350,422
Net Position:	
Net Investment in Capital Assets	25,367,783
Restricted for:	
Debt Service	915,942
Permanent Improvement	1,417,286
Food Services	452,875
Classroom Facilities Maintenance	187,861
Extracurricular Activities	202,914
State and Federal Grants	60,278
Other Purposes	32,132
Unrestricted	(13,977,866)
Total Net Position	$ 14,659,205

See accompanying notes to the basic financial statements.

LICKING VALLEY LOCAL SCHOOL DISTRICT
LICKING COUNTY

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction				
Regular	$ 11,456,457	$ 1,155,691	$ 928,784	$ (9,371,982)
Special	2,771,930	354,991	603,580	(1,813,359)
Vocational	435,033	47,016	51,428	(336,589)
Other	474,587	62,705	-	(411,882)
Support Services				
Pupils	905,270	-	341,909	(563,361)
Instructional Staff	563,940	-	4,427	(559,513)
Board of Education	44,361	-	2,439	(41,922)
Administration	2,525,440	121,266	86,056	(2,318,118)
Fiscal	562,887	-	-	(562,887)
Business	63,690	-	-	(63,690)
Operation and Maintenance of Plant	2,354,919	-	100,946	(2,253,973)
Pupil Transportation	1,322,039	-	-	(1,322,039)
Central	454,681	-	-	(454,681)
Non-instructional Services	914,499	98,939	1,127,303	311,743
Extra Curricular Activities	801,601	330,315	50,013	(421,273)
Interest and Fiscal Charges	135,448	-	-	(135,448)
Total Governmental Activities	$ 25,786,782	$ 2,170,923	$ 3,296,885	$ (20,318,974)

General Revenues:	
Property Taxes Levied for:	
General Purposes	$ 5,295,244
Debt Service	831,423
Permanent Improvements	249,774
School District Income Tax	2,923,961
Unrestricted Grants and Entitlements	11,469,723
Investment Earnings	8,038
Other General Revenues	382,422
Total General Revenues	21,160,585
Change in Net Position	841,611
Net Position Beginning of Year, Restated	13,817,594
Net Position End of Year	$ 14,659,205

See accompanying notes to the basic financial statements.

LICKING VALLEY LOCAL SCHOOL DISTRICT
LICKING COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2021

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Current Assets:				
Cash and Cash Equivalents	$ 11,282,140	$ 1,010,941	$ 2,335,768	$ 14,628,849
Property Taxes Receivable	5,597,107	892,241	259,364	6,748,712
Income Taxes Receivable	1,194,648	-	-	1,194,648
Intergovernmental Receivable	5,207	-	417,641	422,848
Accounts Receivable	15,404	-	-	15,404
Material and Supplies Inventory	-	-	6,646	6,646
Prepaid Items	166,413	-	786	167,199
Interfund Receivable	165,153	-	-	165,153
Total Assets	$ 18,426,072	$ 1,903,182	$ 3,020,205	$ 23,349,459
Liabilities:				
Current Liabilities:				
Accounts Payable	$ 51,639	$ -	$ 30,811	$ 82,450
Accrued Wages and Benefits	1,360,526	-	232,302	1,592,828
Intergovernmental Payable	248,076	-	40,285	288,361
Compensated Absences Payable	20,400	-	4,200	24,600
Interfund Payable	-	-	165,153	165,153
Total Liabilities	1,680,641	-	472,751	2,153,392
Deferred Inflows of Resources:				
Property Taxes	5,171,122	820,785	238,055	6,229,962
Unavailable Revenue	378,558	29,409	344,259	752,226
Total Deferred Inflows of Resources	5,549,680	850,194	582,314	6,982,188
Fund Balances:				
Nonspendable:				
Prepaid Items	166,413	-	786	167,199
Restricted for:				
Debt Service	-	1,052,988	-	1,052,988
Permanent Improvement	-	-	1,109,117	1,109,117
Food Services	-	-	452,630	452,630
Classroom Facilities Maintenance	-	-	187,320	187,320
Extracurricular Activities	-	-	202,914	202,914
State and Federal Grants	-	-	52,931	52,931
Other Purposes	-	-	32,132	32,132
Assigned to:				
Public School Support	56,850	-	-	56,850
Permanent Improvement	-	-	300,000	300,000
Unassigned	10,972,488	-	(372,690)	10,599,798
Total Fund Balances	11,195,751	1,052,988	1,965,140	14,213,879
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 18,426,072	$ 1,903,182	$ 3,020,205	$ 23,349,459

See accompanying notes to the basic financial statements.

LICKING VALLEY LOCAL SCHOOL DISTRICT
LICKING COUNTY

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

Total Governmental Fund Balances	$ 14,213,879
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.	30,781,156
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.	
Property Taxes Receivable	199,309
Income Taxes Receivable	216,827
Intergovernmental Receivable	336,090
Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds Payable	(4,430,000)
Lease-Purchase Agreement	(798,581)
Bond Premium	(152,978)
Deferred Amount on Refunding	(43,257)
Accrued Interest Payable	(13,477)
Compensated Absence Payable	(1,470,098)
Capital Leases Payable	(141,535)
The net OPEB asset and net pension and net OPEB liabilities are not due and payable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds:	
Deferred Outflows - Pension	4,396,373
Deferred Outflows - OPEB	732,809
Deferred Inflows - Pension	(282,646)
Deferred Inflows - OPEB	(2,794,557)
Net Pension Liability	(25,344,138)
Net OPEB Liability	(2,130,967)
Net OPEB Asset	1,384,996
Net Position of Governmental Activities	$ 14,659,205

See accompanying notes to the basic financial statements.

LICKING VALLEY LOCAL SCHOOL DISTRICT
LICKING COUNTY

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

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and Other Local Taxes	$ 5,289,724	$ 829,805	$ 249,325	$ 6,368,854
Income Taxes	3,115,141	-	-	3,115,141
Intergovernmental	11,425,362	120,782	2,899,951	14,446,095
Interest	7,133	-	905	8,038
Tuition and Fees	1,507,160	-	-	1,507,160
Extracurricular Activities	-	-	330,315	330,315
Customer Sales and Services	90,103	-	98,939	189,042
Donations and Contributions	11,499	-	42,867	54,366
All Other Revenue	469,060	-	23,140	492,200
Total Revenues	21,915,182	950,587	3,645,442	26,511,211
Expenditures:				
Current:				
Instruction:				
Regular	8,571,760	-	924,393	9,496,153
Special	2,004,816	-	622,065	2,626,881
Vocational	355,844	-	-	355,844
Other	474,587	-	-	474,587
Support services:				
Pupils	537,215	-	329,797	867,012
Instructional Staff	526,314	-	4,587	530,901
Board of Education	44,361	-	-	44,361
Administration	2,327,815	-	86,559	2,414,374
Fiscal	578,823	-	-	578,823
Business	41,266	-	-	41,266
Operation and Maintenance of Plant	2,217,981	-	125,838	2,343,819
Pupil Transportation	1,233,278	-	-	1,233,278
Central	310,701	-	90,648	401,349
Non-instructional Services	-	-	884,273	884,273
Extracurricular Activities	260,551	-	393,774	654,325
Capital Outlay	-	-	198,301	198,301
Debt service:				
Principal	103,268	820,000	133,491	1,056,759
Interest and Fiscal Charges	8,533	141,100	31,192	180,825
Total Expenditures	19,597,113	961,100	3,824,918	24,383,131
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,318,069	(10,513)	(179,476)	2,128,080
Other Financing Sources (Uses):				
Insurance Proceeds	23,129	-	-	23,129
Transfers In	-	-	388,529	388,529
Transfers Out	(388,529)	-	-	(388,529)
Total Other Financing Sources (Uses)	(365,400)	-	388,529	23,129
Net Change in Fund Balances	1,952,669	(10,513)	209,053	2,151,209
Fund Balance Beginning of Year, Restated	9,243,082	1,063,501	1,756,087	12,062,670
Fund Balance End of Year	$ 11,195,751	$ 1,052,988	$ 1,965,140	$ 14,213,879

See accompanying notes to the basic financial statements.

LICKING VALLEY LOCAL SCHOOL DISTRICT
LICKING 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	$ 2,151,209
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital Outlay	477,039
Depreciation	(1,896,165)
The net effect of various miscellaneous transactions involving capital assets (i.e.	
Disposals	(19,036)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Intergovernmental	277,646
Property Taxes	7,587
Income Taxes	(191,180)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	1,916,969
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	(3,200,543)
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB asset/liability are reported as OPEB expense in the statement of activities.	74,552
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, leases and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Principal Repayments	1,056,759
Amortization of Deferred Amount on Refunding	9,614
Amortization of Bond Premium	33,995
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.	
Compensated Absences	141,397
Accrued Interest	1,768
Change in Net Position of Governmental Activities	$ 841,611

See accompanying notes to the basic financial statements.

LICKING VALLEY LOCAL SCHOOL DISTRICT
LICKING COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
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 and Other Local Taxes	$ 5,469,688	$ 5,335,000	$ 5,328,800	$ (6,200)
Income Taxes	2,626,325	2,860,830	2,859,739	(1,091)
Intergovernmental	10,488,032	11,428,000	11,420,155	(7,845)
Interest	6,551	10,000	7,133	(2,867)
Tuition and Fees	1,384,163	1,511,850	1,507,180	(4,670)
Customer Sales and Services	82,749	90,103	90,103	-
Donations and Contributions	2,245	2,800	2,445	(355)
Miscellaneous	309,524	337,497	337,033	(464)
Total Revenues	20,369,277	21,576,080	21,552,588	(23,492)
Expenditures:				
Current:				
Instruction:				
Regular	8,850,177	8,682,110	8,585,920	96,190
Special	2,099,352	2,065,219	2,002,499	62,720
Vocational	417,388	359,579	356,588	2,991
Other	517,000	475,800	473,118	2,682
Support Services:				
Pupils	420,000	545,871	523,426	22,445
Instructional Staff	515,050	540,741	529,598	11,143
Board of Education	50,014	46,252	45,170	1,082
Administration	2,371,862	2,275,920	2,227,147	48,773
Fiscal	555,600	591,081	585,715	5,366
Business	82,158	52,405	41,266	11,139
Operation and Maintenance of Plant	2,599,628	2,481,361	2,240,978	240,383
Pupil Transportation	1,413,585	1,274,724	1,223,918	50,806
Central	306,660	326,824	304,029	22,795
Extracurricular Activities	303,890	297,183	287,187	9,996
Capital Outlay	270,000	-	-	-
Debt Service:				
Principal	103,268	103,268	103,268	-
Interest and Fiscal Charges	8,533	8,533	8,533	-
Total Expenditures	20,884,165	20,126,871	19,538,360	588,511
Excess of Revenues Over (Under) Expenditures	(514,888)	1,449,209	2,014,228	565,019
Other Financing Sources (Uses):				
Insurance Proceeds	21,241	24,000	23,129	(871)
Transfers Out	(588,529)	(388,529)	(388,529)	-
Total Other Financing Sources (Uses)	(567,288)	(364,529)	(365,400)	(871)
Net Change in Fund Balance	(1,082,176)	1,084,680	1,648,828	564,148
Fund Balances at Beginning of Year	9,391,933	9,391,933	9,391,933	-
Prior Year Encumbrances Appropriated	349,213	349,213	349,213	-
Fund Balances at End of Year	$ 8,658,970	$ 10,825,826	$ 11,389,974	$ 564,148

See accompanying notes to the basic financial statements.

NOTE 1 - DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

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

The District was established in 1957 through the consolidation of existing land areas and school districts. The District serves an area of approximately 138 square miles. It is located in Licking County, and includes the Village of Hanover and portions of Mary Ann, Perry, Madison and Hanover Townships. It is staffed by 109 non-certificated employees and 139 certificated full-time teaching personnel who provide services to 1,923 students and other community members. The District currently operates 3 instructional buildings.

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 comprised of the primary government, component units, and other organizations that are included to insure the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities.

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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units.

The District is associated with five organizations, which are defined as jointly governed organizations and an insurance purchasing pool. These organizations include the Career and Technology Education Centers of Licking County, the Central Ohio Special Education Regional Resource Center, the Metropolitan Educational Technology Association, the Coalition for Equity & Adequacy of School Funding, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

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

Fund Financial Statements

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

(b) Fund Accounting

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

Governmental Funds

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

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

Bond Retirement Fund - The Bond Retirement Fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

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

(c) Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

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

(d) Basis of Accounting

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

Revenues - Exchange and Non-exchange Transactions

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for pensions and other post-employment benefits (OPEB). The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

In addition to liabilities, the statement of financial position will sometimes 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 so will not be recognized until that time. For the District, deferred inflows of resources include property taxes, deferred amount on refunding, unavailable revenue, pension, and OPEB.

Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental funds balance sheet.

A deferred amount on refunding is reported on the government-wide statement of net position. A deferred amount 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.

Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the availability period. For the District, unavailable revenue includes delinquent property taxes and intergovernmental revenues. 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 11 and 12).

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 on the operating statement as an expense with a like amount reported as donated commodities 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.

(e) Budgetary Process

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

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

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

(f) Cash and Investments

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

During fiscal year 2021, the District invested in STAR Ohio (the State Treasury Asset Reserve of Ohio). STAR Ohio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, 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.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund and Other Governmental Funds during the fiscal year amounted to $7,133 and $905, respectively. Of the amount reported in the General Fund, $898 was assigned from other District funds.

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

(g) Prepaid Items

Payments made to vendors for services that will benefit periods beyond fiscal year-end, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed. At fiscal year-end, because prepaid items are not available to finance future governmental fund expenditures, a portion of fund balance equal to the carrying value of the asset has been reported as nonspendable.

(h) Inventory

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

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure when consumed. Inventories of governmental funds consist of expendable supplies held for consumption and donated and purchased food held for resale.

(i) Capital Assets

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

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

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

Description	Estimated Lives
Land Improvements	15 - 30 years
Buildings and Building Improvements	15 - 30 years
Furniture and Fixtures	5 - 20 years
Vehicles	5 - 15 years
Equipment	10 years

(j) Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the statement of net position, except for any net residual amounts due between governmental activities, which are presented as internal balances.

(k) Compensated Absences

Vacation benefits and personal leave 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 benefits through paid time off or some other means. The District records a liability for accumulated unused vacation and personal leave time when earned for all employees.

Compensated absence leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on the accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the District's termination policy.

The District records a liability for accumulated unused sick leave for all employees after twenty years of service, all employees with 15 years of service and are at least 45 years old, and all employees who have 5 or more years of service and are at least 50 years old.

The entire sick leave benefit liability is reported on the government-wide financial statements.

On the governmental fund financial statements, sick leave benefits are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the funds from which these payments will be made.

The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the District's termination policy.

(l) Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension / OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

(m) Bond Premiums, Bond Discounts and Issuance Costs

In the Government-wide financial statements, bond premiums and discounts are deferred and amortized over the terms of the bonds using the straight-line method which approximates the effective interest rate method. Bonds payable are reported net of the applicable bond premium and discount. Bond issuance costs are expensed as incurred.

On the governmental fund financial statements, governmental fund types recognize issuance costs, bond premiums and bond discounts in the current period. The face amount of the debt issue is reported as other financing sources. Premiums and discounts received on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(n) Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily consist of unspent local grants and special trust funds.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. At fiscal year-end, the District did not have net position restricted by enabling legislation.

(o) Fund Balance

In accordance with Governmental Accounting Standards Board Statement 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.

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 – The committed fund balance classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District 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. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

(p) Interfund Transactions

Transfers between governmental activities on the government-wide statements are reported in the same manner as general revenues.

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

(q) Estimates

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

(r) Extraordinary and Special Items

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

(s) Pensions/Other Postemployment Benefits (OPEB)

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

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and fund financial statements are the following:

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

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

3. Encumbrances are treated as expenditures (budget basis) rather than assigned fund balance (GAAP basis).

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

Net Change in Fund Balance

	General Fund
GAAP Basis	$ 1,952,669
Public Support Fund	2,150
Revenue Accruals	(232,274)
Expenditure Accruals	(73,717)
Budget Basis	$ 1,648,828

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above;

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

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;

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

8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

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 June 30, 2021, the carrying amount of the District's deposits was $14,540,727 and the bank balance was $14,750,842. The entire bank balance was covered by the Federal Depository Insurance Company (FDIC). The District's financial institution was approved for a collateral rate of 50 percent through the Ohio Pooled Collateral System.

The District has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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.

Investments

At fiscal year-end, the District reported an investment in STAR Ohio totaling $88,122. 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.

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

Credit Risk - STAR Ohio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 25% of the interim monies available for investment at any one time.

The following is a reconciliation of deposits and investments to the Statement of Net Position as of fiscal year-end:

Investments (summarized above)	$ 88,122
Carrying amount of District's deposits	14,540,727
Total Governmental Activities - Cash and Cash Equivalents	$ 14,628,849

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.

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property 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 2020 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The District receives property taxes from Licking County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30, 2021. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2021, was $264,254 in the General Fund, $42,047 in the Bond Retirement Debt Service Fund, and $13,140 in the Permanent Improvement Fund.

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

	2020 Second-Half Collections		2021 First-Half Collections	
	Amount	**Percent**	**Amount**	**Percent**
Agricultural/Residential and Other Real Estate	$ 230,334,451	89%	$ 275,764,570	91%
Public Utility	27,797,420	11%	27,392,160	9%
Total Assessed Value	$ 258,131,871	100%	$ 303,156,730	100%
Tax rate per $1,000 of assessed valuation	$ 37.05		$ 34.10	

NOTE 6 - TAX ABATEMENTS

Under Community Reinvestment Area (CRA) and other property tax abatements entered into by the City of Newark, the District's property tax revenues were reduced by $14,385 during the fiscal year. Compensation payments received from the City during the fiscal year totaled $0.

NOTE 7 - INCOME TAX

The District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1994, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2021, consisted of property and income taxes, accounts, and intergovernmental. Intergovernmental receivables consist of SERs overpayment, Food Service Subsidies, ESSER, CRF, IDEA-B, Title I, Title I-A, and Title II-A revenues totaling $5,207, $81,551 $188,477, $7,347, $74,610, $2,150, $54,541, and $8,965 respectively. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

NOTE 9 - CAPITAL ASSETS

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

Asset Class	Balance July 1, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
NonDepreciable Capital Assets:					
Land	$ 733,300	$ -	$ -	$ -	$ 733,300
Total Nondepreciable Capital Assets	$ 733,300	$ -	$ -	$ -	$ 733,300
Depreciable Capital Assets:					
Land Improvements	$ 7,357,664	$ 100,841	$ -	$ -	$ 7,458,505
Building and Building Improvements	49,026,674	220,433	(19,036)	-	49,228,071
Furniture, Fixtures and Equipment	1,724,210	27,967	(14,545)	-	1,737,632
Vehicles	2,524,561	127,798	(85,896)	-	2,566,463
Total Depreciable Capital Assets	60,633,109	477,039	(119,477)	-	60,990,671
Accumulated Depreciation:					
Land Improvements	3,925,391	295,918	-	-	4,221,309
Building and Building Improvements	22,235,645	1,308,734	-	-	23,544,379
Furniture, Fixtures and Equipment	1,194,923	108,564	(14,545)	6,968	1,295,910
Vehicles	1,791,132	182,949	(85,896)	(6,968)	1,881,217
Total Accumulated Depreciation	29,147,091	1,896,165	(100,441)	-	30,942,815
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 31,486,018	$ (1,419,126)	$ (19,036)	$ -	$ 30,047,856

Depreciation expense was charged to governmental functions as follows:

Instruction Regular	1,412,578
Instruction Vocational	16,651
Administration	18,116
Fiscal	548
Purchasing Services	22,424
Plant Operation	37,106
Pupil Transportation	187,015
Central	38,553
Noninstructional Services	8,398
Extracurricular Activities	154,776
	$ 1,896,165

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year, the District's insurance coverage was as follows:

Type of Coverage	Deductible	Liability Limit
Commercial Property	$2,500	$93,632,750
Automobile Liability (per occurrence)	0	1,000,000
Employers Liability (per occurrence)	0	1,000,000
General Liability		
Per occurrence	0	1,000,000
Per year	0	3,000,000

The District did not reduce its coverage during the fiscal year and settled claims have not exceeded this commercial coverage in any of the past three years.

During the fiscal year, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria.

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NOTE 11 - 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.

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

The remainder of this note includes the required pension disclosures. See Note 12 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	Age 65 with 5 years of service credit; or any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

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

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

The District's contractually required contribution to SERS was $478,335 for fiscal year 2021. Of this amount, $18,528 is reported as an intergovernmental payable.

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.

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 $1,376,523 for fiscal year 2021. Of this amount, $184,257 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.09488780%	0.07880522%	
Prior Measurement Date	0.09456290%	0.07822139%	
Change in Proportionate Share	0.00032490%	0.00058383%	
Proportionate Share of the Net Pension Liability	$ 6,276,079	$ 19,068,059	$ 25,344,138
Pension Expense	$ 741,707	$ 2,458,836	$ 3,200,543

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.

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 12,191	$ 42,785	$ 54,976
Net Difference between Projected and Actual Earnings on Pension Plan Investments	398,403	927,282	1,325,685
Changes of Assumptions	-	1,023,588	1,023,588
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	16,874	120,392	137,266
District Contributions Subsequent to the Measurement Date	478,335	1,376,523	1,854,858
Total Deferred Outflows of Resources	$ 905,803	$ 3,490,570	$ 4,396,373
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ -	$ 121,925	$ 121,925
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	-	160,721	160,721
Total Deferred Inflows of Resources	$ -	$ 282,646	$ 282,646

$1,854,858 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ 12,116	$ 579,686	$ 591,802
2023	124,553	295,636	420,189
2024	166,063	510,066	676,129
2025	124,736	446,013	570,749
	$ 427,468	$ 1,831,401	$ 2,258,869

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

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

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

Sensitivity of the 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.

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net Pension Liability	$ 8,597,462	$ 6,276,079	$ 4,328,395

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:

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net Pension Liability	$ 27,149,597	$ 19,068,059	$ 12,219,629

Social Security System

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS

See Note 11 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.
Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$62,111, which is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The 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. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.09805090%	0.07880522%	
Prior Measurement Date	0.09620630%	0.07822139%	
Change in Proportionate Share	0.00184460%	0.00058383%	
Proportionate Share of the Net OPEB Liability (Asset)	$ 2,130,967	$ (1,384,996)	
OPEB Expense	$ 21,222	$ (95,774)	$ (74,552)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 27,987	$ 88,743	$ 116,730
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	24,010	48,538	72,548
Changes of Assumptions	363,257	22,863	386,120
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	87,876	7,424	95,300
District Contributions Subsequent to the Measurement Date	62,111	-	62,111
Total Deferred Outflows of Resources	$ 565,241	$ 167,568	$ 732,809
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 1,083,746	$ 275,871	$ 1,359,617
Changes of Assumptions	53,675	1,315,515	1,369,190
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	-	65,750	65,750
Total Deferred Inflows of Resources	$ 1,137,421	$ 1,657,136	$ 2,794,557

$62,111 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ (124,579)	$ (371,068)	$ (495,647)
2023	(122,843)	(338,216)	(461,059)
2024	(123,122)	(326,696)	(449,818)
2025	(126,994)	(313,971)	(440,965)
2026	(100,981)	(72,826)	(173,807)
Thereafter	(35,772)	(66,791)	(102,563)
	$ (634,291)	$ (1,489,568)	$ (2,123,859)

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 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.

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	$ 2,608,253	$ 2,130,967	$ 1,751,529

	1% Decrease	Current Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	$ 1,677,976	$ 2,130,967	$ 2,736,737

Actuarial Assumptions – STRS

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

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

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

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

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

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

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

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

Discount Rate The discount rate used to measure the total OPEB asset 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 asset 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.

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability (Asset)	$ (1,205,037)	$ (1,384,996)	$ (1,537,686)

	1% Decrease	Current Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability (Asset)	$ (1,528,208)	$ (1,384,996)	$ (1,210,544)

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.

NOTE 13 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 10 to 25 days of vacation per fiscal year, depending upon length of service.

Accumulated, unused vacation time is paid to classified employees and the superintendent upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 280 days for all employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 51 days for all employees.

Employees receive 3 personal days per year. Upon retirement, payment is made for one-fourth of accrued, but unused personal leave.

Bargaining unit members, who retire under STRS criteria, may receive a retirement incentive payment of fifteen thousand dollars ($15,000). In order to qualify for this benefit, the bargaining unit member must give written notice to the Superintendent on or before April 1 (or Monday following if April 1 is on a weekend) of the year of retirement and have 30 or fewer years.

B. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees through CM Regent Solutions.

NOTE 14 - LONG-TERM OBLIGATIONS

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds:					
2012 Lease-Purchase Agreement	$ 932,072	$ -	$ (133,491)	$ 798,581	$ 133,491
2015 Refunding Bonds	5,250,000	-	(820,000)	4,430,000	835,000
Serial Bond Premium	186,973	-	(33,995)	152,978	-
Total Bonds and Related Debt	6,369,045	-	(987,486)	5,381,559	968,491
Notes from Direct Borrowings:					
2019 Santander Bus Lease	208,467	-	(66,932)	141,535	69,462
Total Notes from Direct Borrowings	208,467	-	(66,932)	141,535	69,462
Total Bonds and Notes	6,577,512	-	(1,054,418)	5,523,094	1,037,953
Net Pension Liability					
STRS	17,298,190	1,769,869	-	19,068,059	-
SERS	5,657,864	618,215	-	6,276,079	-
Total Net Pension Liability	22,956,054	2,388,084	-	25,344,138	-
Net OPEB Liability					
SERS	2,419,386	-	(288,419)	2,130,967	-
Total Net OPEB Liability	2,419,386	-	(288,419)	2,130,967	-
Capital Leases	36,336	-	(36,336)	-	-
Compensated Absences	1,642,995	231,150	(379,447)	1,494,698	206,327
Total	$33,632,283	$2,619,234	$(1,758,620)	$ 34,492,897	$ 1,244,280

2012 Lease-Purchase Agreement

On June 15, 2012, the District entered into a series of one-year renewable lease-purchase agreements with Park National Bank (the Bank), whereas the District leases a parcel of land to the Bank, and subsequently constructs school facilities on the land, and the Bank, in turn, subleases the land, and leases the constructed school facilities to the District. The Bank agreed to pre-pay $2,000,000 in rental payments in order to fund the construction project. In turn, the District agreed to pay $2,000,000 under the sublease at an interest rate of 3.55%. The final payment to the Bank is due December 1, 2026. The lease-purchase agreement is paid from the permanent improvement fund.

Per the renewable lease-purchase agreements with the Bank, the District pledged the field house located at the Licking Valley Middle School and Licking Valley High School as collateral for the debt. In the event that the District prepays the rental payments, the Bank has the right to terminate the agreements. Also, in the event of default, the Bank shall have all of the rights of the field house. In the event of default, the Bank may also exercise the following rights and remedies:

1. By written notice, the District will need to promptly return possession of the field house to the Bank and personal property stored at the field house will be returned to the District.
2. The Bank may sublease the field house for the account of the District, while still holding the District liable for the difference between the applicable rental payments and the payments made by the sublessee.
3. The Bank may proceed under applicable laws of the state or any other applicable law to take court action to enforce the terms of the lease purchase agreements or recover damages from the District.
4. The District will remain liable for all covenants and obligations under the lease purchase agreements, legal fees incurred by the Bank in connection with the enforcement of or collection of the amounts due under the lease-purchase agreements, other costs and expenses, and court costs awarded by the court.

General Obligation Refunding Bonds – Series 2015

On September 3, 2015, the District issued general obligation bonds totaling $7,755,000 to refund a portion of the Series 2005 Refunding Bonds and take advantage of lower interest rates. The Series 2005 Refunding bonds were issued on September 22, 2005 in order to advance refund a portion of the 1999 Building Construction Bonds to take advantage of lower interest rates. The refunding bonds consist entirely of serial bonds with stated interest rates ranging from 2% to 3% and a final maturity date of December 1, 2025. This refunding resulted in cash flow savings of $825,763 and an economic gain of $748,054. Defeased bonds outstanding at fiscal year-end were $0. The 2015 refunding bonds are paid from the debt service fund.

Principal and interest requirements to retire general obligation debt at June 30, 2021, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2022	$ 968,491	$ 146,723	$ 1,115,214
2023	993,491	116,493	1,109,984
2024	1,018,491	85,552	1,104,043
2025	1,043,491	53,783	1,097,274
2026	1,073,492	21,228	1,094,720
2027	131,125	2,366	133,491
Total	$ 5,228,581	$ 426,145	$ 5,654,726

Section 133.06 of the Revised Code provides that, exclusive of certain "exempt debt," the net principal amount of unvoted general obligation debt of a District may not exceed one-tenth (0.10%) of one percent of the total assessed property value listed within the District. Section 133.06 also provides that the net principal amount of voted and unvoted general obligation debt of any District may not exceed nine (9.0%) of the total assessed value, except as in the case of a special needs school district. As such, the District's voted and unvoted legal debt limits are $22,874,248 and $303,157 respectively. At fiscal year-end, the District complied with both limits.

2019 Direct Borrowing - Bus Lease

In fiscal year 2019 the District entered into a lease agreement with Santander Bank for the purchase of four school buses. The leases are being paid out of the general fund.

Per the agreement with Santander bank, the titles of the buses were transferred to the District when the buses were delivered to the District, and Santander was made a lien on those titles in order to secure all of the Districts obligations. The agreement states that the District has examined the buses and that full payments towards the leases must be absolute and timely. In the event of a non-appropriation the District must notify Santander promptly. If the lease is terminated or an event of non-appropriation occurs, the District shall immediately deliver the vehicles to Santander, or where Santander directs. In the event of default, Santander Bank may exercise the following rights and remedies.

1. Without notice or demand, Santander may declare all sums due during the District's current fiscal year.
2. Santander Bank may sue the District to recover any and all payments then accrued or thereafter accruing with respect to the vehicles.
3. Santander Bank may take possession of the vehicles without demand or notice wherever they may be located, with or without legal process, and retain them free from any claims of the District.
4. Santander Bank may terminate the lease.
5. Santander Bank may exercise any other rights, remedies, or privileges available to them.

The agreements provide for minimum annual rental payments as follows:

Fiscal Year Ending June 30,	Principal	Interest
2022	$ 69,462	$ 5,350
2023	72,073	2,739
Totals	$ 141,535	$ 8,089

Capital leases are paid from the General Fund. The District pays obligations related to compensated absences from the fund benefiting from their service, which includes the general fund, food service fund and various other state and federal grant funds. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefiting from the employee's service. For additional information related to the net pension liability and net OPEB liability see Notes 11 and 12.

NOTE 15 - CAPITAL LEASES - LESSEE DISCLOSURE

The District entered into capitalized leases for copiers. The lease meets the criteria of a capital lease as defined by Governmental Accounting Standards Board Statement No. 62, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

The copiers have been capitalized in the amount of $235,773. The copy machines had accumulated depreciation of $235,773 as of June 30, 2021. The capitalized amount of the leases represents the present value of the minimum lease payment at the time of acquisition. A corresponding liability is recorded in the statement of net position. Principal payments in fiscal year 2021 totaled $36,336 in the governmental funds.

The future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2021 were $0.

NOTE 16 - CAPITAL ACQUISITION SET-ASIDE CALCULATIONS

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

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

	Capital Acquisition
Set-aside cash balance as of June 30, 2020	$ -
Current fiscal year set-aside requirement	374,732
Current Year Offsets	(374,732)
Set-aside cash balance as of June 30, 2021	$ -
Set-aside balance carried forward to FY 2022	$ -

The District had qualifying disbursements and current year offsets that would have reduced the fiscal year-end balance below zero; however, since negative amounts may not be used to reduce the set-aside requirement in future years, the current year offset amount was limited to an amount necessary to reduce the fiscal year-end balance to zero.

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

The Career and Technology Education Centers of Licking County is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the 9 participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Career and Technology Education Centers of Licking County at 150 Price Road, Newark, Ohio 43055.

The District participates in the Metropolitan Educational Technology Association (META), a jointly governed organization. The organization 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. The District's membership payment to META for fiscal year 2021 was $0. Financial information may be obtained from the Metropolitan Educational Technology Association, Ashley Widby, who serves as Chief Financial Officer, at 2100 Citygate Dr., Columbus, OH 43219.

The Central Ohio Special Education Regional Resource Center (COSERRC) is one of sixteen (16) centers in Ohio, which serves as the organizational structure offering multi-district special educational services. Each SERRC is designed to initiate, expand, and improve the delivery of special education services to children with disabilities ages 3 through 21. The governing board of COSERRC consists of superintendents or a designated representative from each school district. Financial information may be obtained from the Educational Service Center of Central Ohio at 2080 Citygate Drive, Columbus, Ohio, 43219.

The Coalition for Equity & Adequacy of School Funding is organized as a council of governments pursuant to Chapter 167 of the Ohio Revised Code. The mission of the Coalition is to secure high quality educational opportunities for all Ohio school children without diminishing opportunities for students who reside in high capacity districts. The Coalition was organized in 1990 to challenge the constitutionality of the Ohio school funding system. The Coalition is governed by a Steering Committee of 90 school district representatives. Though most of the members are superintendents, some treasurers, board members and administrators also serve. Several persons serve as *ex officio* members. Steering Committee members serve without stipend or expense reimbursement from the Coalition. Financial information may be obtained from the Coalition for Equity & Adequacy of School Funding, 100 South Third Street, Columbus, Ohio 43215, by calling (614) 228-6540, or email to ohioeanda@sbcglobal.net.

NOTE 18 - INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan - The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.
The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund."

This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria.

NOTE 19 - 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. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2021, if applicable, cannot be determined at this time.

(b) Litigation

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

(c) Foundation Funding

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2021 are finalized. The impact of the FTE adjustments does not have a material impact on the financial statements.

NOTE 20 - INTERFUND TRANSACTIONS

Interfund balances at fiscal year-end consist of the following:

Payable	Receivable General Fund
Other Governmental Funds:	
ESSER	$ 134,204
IDEA-B	15,601
Title I	2,150
Title I-A	11,250
Title II-A	1,948
Total Interfund Receivable/Payable	$ 165,153

The amounts due to the General Fund are the result of the time lag between federal grant expenditures and the subsequent receipt of grant reimbursements. The General Fund will be reimbursed when the funds become available.

Interfund transfers during the fiscal year consisted of transfers from the General Fund to Other Governmental Funds, totaling $388,529. Of this amount, $300,000 was transferred to fund permanent improvements. The remaining $88,529 was transferred to fund classroom facilities maintenance, as required by the school facilities construction project. Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

NOTE 21 - CHANGES IN 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).

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.

Restatement of Net Position/Fund Balances

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

	Governmental Activities
Net Position, June 30, 2020	$ 13,770,893
GASB Statement No. 84	46,701
Restated Net Position, June 30, 2020	$ 13,817,594

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

	Other Governmental Funds
Fund Balance (Deficit), June 30, 2020	$ 1,709,386
GASB Statement No. 84	46,701
Restated Fund Balance (Deficit), June 30, 2020	$ 1,756,087

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

	Fiduciary Funds
	Agency
Net Position, June 30, 2020	$ -
Adjustments:	
Assets	(46,701)
Liabilities	46,701
Restated Net Position, June 30, 2020	$ -

NOTE 22 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During fiscal year 2021, the 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.

NOTE 23 – SUBSEQUENT EVENT

For fiscal year 2022, District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school and scholarship funding will be directly funded by the State of Ohio to the respective schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the respective school. For fiscal year 2021, the District reported $301,470 in revenue and expenditures 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

LICKING VALLEY LOCAL 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	0.0948878%	0.0945629%	0.0940588%	0.0920512%	0.0940808%	0.093139%	0.092780%	0.092780%
District's Proportionate Share of the Net Pension Liability	$ 6,276,079	$ 5,657,864	$ 5,386,922	$ 5,499,856	$ 6,885,846	$ 5,314,602	$ 4,695,543	$ 5,517,329
District's Covered Payroll	$ 3,332,771	$ 3,249,787	$ 3,103,418	$ 2,917,579	$ 2,902,979	$ 2,826,257	$ 2,648,143	$ 2,680,875
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.31%	174.10%	173.58%	188.51%	237.20%	188.04%	177.31%	205.80%
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.

LICKING VALLEY LOCAL 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	0.07880522%	0.07822139%	0.07855178%	0.07827355%	0.07900602%	0.0768871%	0.07540074%	0.07540074%
District's Proportionate Share of the Net Pension Liability	$ 19,068,059	$ 17,298,190	$ 17,271,773	$ 18,594,050	$ 26,445,696	$ 21,249,345	$ 18,340,069	$ 21,846,571
District's Covered Payroll	$ 9,642,864	$ 8,301,415	$ 8,049,332	$ 7,776,929	$ 7,538,336	$ 7,224,098	$ 7,067,136	$ 7,132,003
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	197.74%	208.38%	214.57%	239.09%	350.82%	294.15%	259.51%	306.32%
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.

LICKING VALLEY LOCAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually Required Contribution	$ 478,335	$ 466,588	$ 438,721	$ 418,961
Contributions in Relation to the Contractually Required Contribution	$ 478,335	$ 466,588	$ 438,721	$ 418,961
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 3,416,679	$ 3,332,771	$ 3,249,787	$ 3,103,418
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
$ 408,461	$ 406,417	$ 372,501	$ 367,033	$ 371,033	$ 358,813
$ 408,461	$ 406,417	$ 372,501	$ 367,033	$ 371,033	$ 358,813
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,917,579	$ 2,902,979	$ 2,826,257	$ 2,648,143	$ 2,680,875	$ 2,667,754
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

LICKING VALLEY LOCAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually Required Contribution	$ 1,376,523	$ 1,350,001	$ 1,162,198	$ 1,126,907
Contributions in Relation to the Contractually Required Contribution	$ 1,376,523	$ 1,350,001	$ 1,162,198	$ 1,126,907
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 9,832,307	$ 9,642,864	$ 8,301,415	$ 8,049,332
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
$ 1,088,770	$ 1,055,367	$ 1,011,374	$ 918,728	$ 927,160	$ 895,953
$ 1,088,770	$ 1,055,367	$ 1,011,374	$ 918,728	$ 927,160	$ 895,953
$ -	$ -	$ -	$ -	$ -	$ -
$ 7,776,929	$ 7,538,336	$ 7,224,098	$ 7,067,136	$ 7,132,003	$ 6,891,949
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

LICKING VALLEY LOCAL 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	0.0980509%	0.0962060%	0.0949552%	0.0926794%	0.0941093%
District's Proportionate Share of the Net OPEB Liability	$ 2,130,967	$ 2,419,386	$ 2,634,314	$ 2,487,272	$ 2,682,464
District's Covered Payroll	$ 3,332,771	$ 3,249,787	$ 3,103,418	$ 2,917,579	$ 2,902,979
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	63.94%	74.45%	84.88%	85.25%	92.40%
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.

LICKING VALLEY LOCAL 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	0.07880522%	0.07822100%	0.07855178%	0.07827355%	0.07900602%
District's Proportionate Share of the Net OPEB (Asset)/Liability	$ (1,384,996)	$ (1,295,527)	$ (1,262,247)	$ 3,053,945	$ 4,225,262
District's Covered Payroll	$ 9,642,864	$ 8,301,415	$ 8,049,332	$ 7,776,929	$ 7,538,336
District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	-14.36%	-15.61%	-15.68%	39.27%	56.05%
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability	182.10%	174.70%	176.00%	75.30%	66.80%

(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.

LICKING VALLEY LOCAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually Required Contribution (1)	$ 62,111	$ 61,032	$ 71,680	$ 64,750
Contributions in Relation to the Contractually Required Contribution	$ 62,111	$ 61,032	$ 71,680	$ 64,750
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 3,416,679	$ 3,332,771	$ 3,249,787	$ 3,103,418
Contributions as a Percentage of Covered Payroll (1)	1.82%	1.83%	2.21%	2.09%

(1) Includes Surcharge

See accompanying notes to the required supplementary information.

2017	**2016**	**2015**	**2014**	**2013**	**2012**
$ 47,130	$ 44,820	$ 68,281	$ 47,736	$ 49,341	$ 53,149
$ 47,130	$ 44,820	$ 68,281	$ 47,736	$ 49,341	$ 53,149
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,917,579	$ 2,902,979	$ 2,826,257	$ 2,648,143	$ 2,680,875	$ 2,667,754
1.62%	1.54%	2.42%	1.80%	1.84%	1.99%

LICKING VALLEY LOCAL 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	$ 9,832,307	$ 9,642,864	$ 8,301,415	$ 8,049,332
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
$ -	$ -	$ -	$ 70,671	$ 71,320	$ 62,202
$ -	$ -	$ -	$ 70,671	$ 71,320	$ 62,202
$ -	$ -	$ -	$ -	$ -	$ -
$ 7,776,929	$ 7,538,336	$ 7,224,098	$ 7,067,136	$ 7,132,003	$ 6,891,949
0.00%	0.00%	0.00%	1.00%	1.00%	0.90%

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions - SERS

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

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

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

Changes in Assumptions – STRS

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

Changes in Benefit Terms - SERS

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

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

Changes in Benefit Terms - STRS

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

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:

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

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

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

Pre-Medicare

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

Medicare

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

Changes in Assumptions – STRS

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

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

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Benefit Terms – STRS

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

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

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

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

LICKING VALLEY LOCAL SCHOOL DISTRICT
LICKING COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal AL Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through Ohio Department of Education		
Child Nutrition Cluster:		
Non-Cash Assistance (Food Distribution):		
National School Lunch Program	10.555	$49,955
Cash Assistance:		
School Breakfast Program	10.553	303,668
COVID-19 School Breakfast Program	10.553	33,577
National School Lunch Program	10.555	448,664
COVID-19 National School Lunch Program	10.555	64,591
Total Child Nutrition Cluster		900,455
Fresh Fruit and Vegetable Program	10.582	46,995
Total U.S. Department of Agriculture		**947,450**
U.S. DEPARTMENT OF TREASURY		
Passed Through Ohio Department of Education		
COVID-19 Coronavirus Relief Fund	21.019	110,792
Total U.S. Department of Treasury		**110,792**
U.S. DEPARTMENT OF EDUCATION		
Passed Through Ohio Department of Education		
Title I Grants to Local Educational Agencies	84.010	297,790
Special Education Cluster (IDEA):		
Special Education - Grants to States	84.027	397,869
Total Special Education Cluster		397,869
Improving Teacher Quality State Grants	84.367A	52,947
Student Support and Academic Enrichment Program	84.424A	23,061
Education Stabilization Fund FY21	84.425D	216,749
Education Stabilization Fund FY22	84.425D	263,407
Total Education Stabilization Fund		480,156
Total U.S. Department of Education		**1,251,823**
Total Expenditures of Federal Awards		**$2,310,065**

The accompanying notes are an integral part of this schedule.

LICKING VALLEY LOCAL SCHOOL DISTRICT
LICKING 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 Licking Valley Local 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 program that benefitted from the use of those donated food commodities.

OHIO AUDITOR OF STATE
KEITH FABER

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

Licking Valley Local School District
Licking County
1379 Licking Valley Road NE
Newark, Ohio 43055

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Licking Valley Local School District, Licking County, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 14, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

Report on 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2021-001 to be a material weakness.

Report on Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2021-001.

District*'s Response to Finding*

The District's response to the finding identified in our audit 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 the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

June 14, 2022

OHIO AUDITOR OF STATE
KEITH FABER

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

Licking Valley Local School District
Licking County
1379 Licking Valley Road NE
Newark, Ohio 43055

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Licking Valley Local 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 Licking Valley Local School District's major federal program for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

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 program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

June 14, 2022

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)?**	Yes
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	AL 84.425D – COVID-19 Educational Stabilization Fund
(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

FINDING NUMBER 2021-001

Material Weakness and Non-Compliance – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Ohio Rev. Code § 5705.10(D) provides, in part, that all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose.

We noted the following errors in financial statement presentation:

- The District incorrectly classified $300,000 of assigned balance within the Permanent Improvement Fund as Restricted.

- The District incorrectly reported $39,240 of Intergovernmental receipts. Given the source of the revenue, this should have been recorded in the Bond Retirement Fund rather than the Permanent Improvement Fund.

- Due to a formatting error, the original estimated budgeted receipts were overstated in total by $6,688,157. Individual overstatement of estimated budgeted receipts were as follows:

    - Property and Other Local Taxes were reported as $6,688,157 rather than $5,469,688
    - Income Taxes were reported as $3,586,444 rather than $2,626,325
    - Intergovernmental receipts were reported as $14,326,572 rather than $10,488,032
    - Interest receipts were reported as $12,536 rather than $6,551
    - Tuition and Fees were reported as $1,895,312 rather than $1,384,163
    - Customer Sales and Services were reported as $112,957 rather than $82,749
    - Donations and Contributions were reported as $3,510 rather than $2,245
    - Miscellaneous receipts were reported as $423,099 rather than $309,524
    - Insurance Proceeds were reported as $30,088 rather than $21,241

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

FINDING NUMBER 2021-001 (Continued)

Material Weakness and Non-Compliance– Financial Reporting (Continued)

These audit adjustments are reflected in the financial statements and in the accounting records correcting the misstatement.

In addition to the errors identified above, we also identified misstatements ranging from $3,268 to $7,476 that were left uncorrected on the financial statements.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The District should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds. Additionally, reporting inaccuracies can impact the decision-making of those charged with governance and the general public.

To help reduce errors and to increase the reliability of the financial data, we recommend the District review internal controls over the reporting compilation process and review the identified errors to help prevent similar errors from occurring in subsequent years.

Officials' Response: Refer to management's Corrective Action Plan

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

Licking Valley Local School District

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Julio Valladares, Interim Treasurer
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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
June 30, 2021

Finding Number:	2021-001
Planned Corrective Action:	The District will review internal controls to ensure controls are operating effectively and make any necessary changes to ensure proper controls are in place.
Anticipated Completion Date:	Immediately
Responsible Contact Person:	Andrew Douglas, Treasurer

OHIO AUDITOR OF STATE
KEITH FABER

LICKING VALLEY LOCAL SCHOOL DISTRICT

LICKING 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 8/4/2022

88 East Broad Street, Columbus, Ohio 43215
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