



OHIO AUDITOR OF STATE
KEITH FABER



**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY
JUNE 30, 2021**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Statement of Net Position – Proprietary Fund	20
Statement of Revenues, Expenses and Change in Fund Net Position – Proprietary Fund	21
Statement of Cash Flows – Proprietary Fund.....	22
Notes to the Basic Financial Statements	23
Schedules of Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability - SERS	60
Schedule of District's Contributions for Net Pension Liability - SERS	61
Schedule of the District's Proportionate Share of the Net Pension Liability - STRS	62
Schedule of District's Contributions for Net Pension Liability - STRS	63
Schedule of the District's Proportionate Share of the Net OPEB Liability - SERS	64
Schedule of District's Contributions for Net OPEB Liability - SERS	65
Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability - STRS	66
Schedule of District's Contributions for Net OPEB (Asset)/Liability - STRS.....	67
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) – General Fund.....	68
Notes to the Required Supplementary Information	69

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY
JUNE 30, 2021**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Schedule of Expenditures of Federal Awards	75
Notes to the Schedule of Expenditures of Federal Awards	76
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	77
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Programs and on Internal Control Over Compliance Required by the Uniform Guidance	79
Schedule of Findings.....	81
Summary Schedule of Prior Audit Findings (Prepared by Management).....	83

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Mount Gilead Exempted Village School District
Morrow County
145 North Cherry Street
Mount Gilead, Ohio 43338

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Mount Gilead Exempted Village School District, Morrow County, Ohio, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 19 to the financial statements, during 2021, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Additionally, as discussed in Note 20 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis, required budgetary comparison schedule* 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 April 26, 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

April 26, 2022

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**Mount Gilead Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

The discussion and analysis of Mount Gilead Exempted Village School District's (the "District") financial performance 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 notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- Net position of governmental activities increased \$2,643,617 which represents a 31% increase from 2020.
- Governmental Activities – General revenues accounted for \$15,024,862 in revenue or 82% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,233,408 or 18% of total revenues of \$18,258,270.
- The District had \$15,614,653 in expenses related to governmental activities; \$3,233,408 of these expenses were offset by program specific charges for services, grants or contributions. Governmental Activities – General revenues of \$15,024,862 were also used to provide for these programs.

Overview of the Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, "How did we do financially during 2021?" The Statement of Net Position and the Statement of Activities answers this question. These statements include *all assets and deferred outflows of resources, and liabilities and deferred inflows of resources* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Mount Gilead Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

These two statements report the District's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. 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 overall financial position of the District is presented in the following manner:

- Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.

Fund Financial Statements

The analysis of the District's major funds begins on the balance sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

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

The District as a Whole

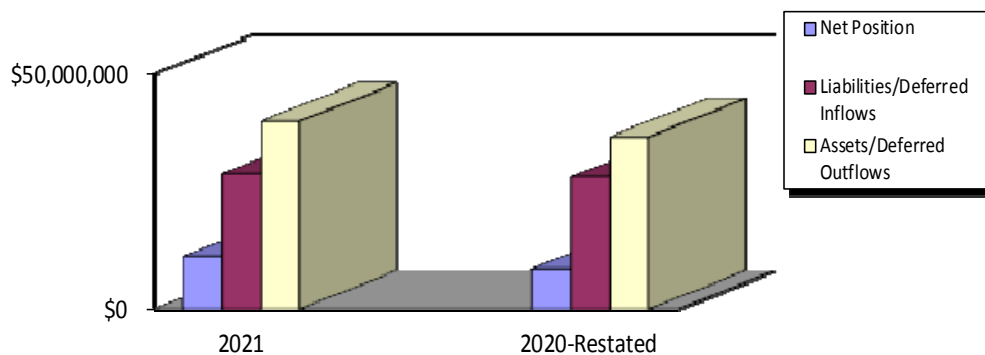
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for fiscal year 2021 compared to fiscal year 2020:

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**Mount Gilead Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

**Table 1
Net Position**

	Governmental Activities	
	2021	2020 - Restated
Assets:		
Current and Other Assets	\$19,857,672	\$17,066,909
Net OPEB Asset	716,311	692,011
Capital Assets	16,620,233	16,262,456
Total Assets	37,194,216	34,021,376
Deferred Outflows of Resources:		
OPEB	417,507	309,934
Pension	2,224,650	2,172,526
Total Deferred Outflows of Resources	2,642,157	2,482,460
Liabilities:		
Other Liabilities	1,895,734	1,316,603
Long-Term Liabilities	18,482,789	18,289,485
Total Liabilities	20,378,523	19,606,088
Deferred Inflows of Resources:		
Property Taxes	5,609,078	4,960,515
OPEB	1,668,219	1,526,382
Pension	976,796	1,850,711
Total Deferred Inflows of Resources	8,254,093	8,337,608
Net Position:		
Net Investment in Capital Assets	12,843,979	11,882,421
Restricted	2,831,320	2,697,240
Unrestricted	(4,471,542)	(6,019,521)
Total Net Position, restated	\$11,203,757	\$8,560,140



Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$11,203,757.

**Mount Gilead Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

At year-end, capital assets represented 45% of total assets. Capital assets include land, land improvements, buildings and improvements, and equipment. The net investment in capital assets to acquire the assets at June 30, 2021, was \$12,843,979. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$2,831,320 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current and other assets increased primarily due to full collections on a new ¼% income tax passed in May 2019, effective January 2020.

Capital Assets increased mainly due to current year additions exceeding current year depreciation expense. Total liabilities increased due to the increase in net pension liability.

Table 2 shows the changes in net position for fiscal years 2021 and 2020.

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**Mount Gilead Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

**Table 2
Changes in Net Position**

	Governmental Activities	
	2021	2020 - Restated
Revenues:		
Program Revenues		
Charges for Services and Sales	\$992,780	\$1,148,887
Operating Grants and Contributions	2,240,628	2,188,000
General Revenues:		
Income Taxes	3,139,642	1,627,290
Property Taxes	4,515,555	4,262,615
Grants and Entitlements	6,995,574	7,001,365
Other	374,091	522,674
Total Revenues	<u>18,258,270</u>	<u>16,750,831</u>
Program Expenses:		
Instruction	9,204,013	9,080,806
Support Services:		
Pupil and Instructional Staff	1,490,679	1,110,818
School Administrative, General Administration, and Fiscal	2,043,440	1,902,889
Operations and Maintenance	1,410,024	1,463,917
Pupil Transportation	743,309	752,553
Operation of Non-Instructional Services	301,930	370,217
Extracurricular Activities	309,980	383,505
Interest and Fiscal Charges	111,278	133,799
Total Program Expenses	<u>15,614,653</u>	<u>15,198,504</u>
Change in Net Position	2,643,617	1,552,327
Net Position - Beginning of Year - Restated	<u>8,560,140</u>	<u>7,007,813</u>
Net Position - End of Year	<u><u>\$11,203,757</u></u>	<u><u>\$8,560,140</u></u>

The District revenues are mainly from two sources. Property taxes levied for general, special revenue, debt services, and capital projects purposes and grants and entitlements comprised 63% of the District's revenues for governmental activities.

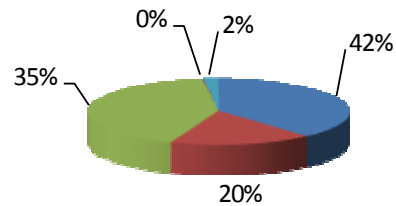
The District depends greatly on both income and property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$100.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$100.00.

**Mount Gilead Exempted Village School District
 Management’s Discussion and Analysis
 For the Fiscal Year Ended June 30, 2021
 (Unaudited)**

Thus Ohio districts do not collect additional property tax revenue on the increased value of homes that is due to appreciation and must regularly return to the voters to maintain a constant level of service. Property and income taxes made up 42% of revenue for governmental activities for the District in fiscal year 2021.

**Governmental Activities
 Revenue Sources**

Revenue Sources	2021	Percent of Total
General Grants	\$6,995,574	38.3%
Program Revenues	3,233,408	17.7%
General Tax Revenues	7,655,197	41.9%
Investment Earnings	32,857	0.2%
Other Revenues	341,234	1.9%
	<u>\$18,258,270</u>	<u>100.0%</u>



Total revenue increased from the prior year mainly due to an increase in income and property tax revenues due to full collections on a new 3/4% income tax passed in May 2019, effective January 2020. Total expenses increased from the prior year mainly due to changes related to net pension liability and other post employment benefits liability.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and sales and operating grants and contributions offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements, investment earnings and other revenues.

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**Mount Gilead Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2021	2020 - Restated	2021	2020 - Restated
Instruction	\$9,204,013	\$9,080,806	(\$6,990,770)	(\$6,413,215)
Support Services:				
Pupil and Instructional Staff	1,490,679	1,110,818	(1,056,418)	(979,351)
School Administrative, General Administration and Fiscal	2,043,440	1,902,889	(2,007,503)	(1,898,610)
Operations and Maintenance	1,410,024	1,463,917	(1,347,242)	(1,444,186)
Pupil Transportation	743,309	752,553	(677,046)	(725,206)
Operation of Non-Instructional Services	301,930	370,217	31,180	(17,315)
Extracurricular Activities	309,980	383,505	(222,168)	(249,935)
Interest and Fiscal Charges	111,278	133,799	(111,278)	(133,799)
Total Expenses	<u>\$15,614,653</u>	<u>\$15,198,504</u>	<u>(\$12,381,245)</u>	<u>(\$11,861,617)</u>

Instruction comprises 59% of governmental program expenses. Support services expenses were 36% of governmental program expenses. All other program expenses, including interest and fiscal charges, were 5%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

The District's Funds

The District has one major governmental fund: the General Fund. Assets of the General Fund comprised \$16,377,950 (82%) of the total \$20,062,012 governmental funds' assets.

General Fund: Fund balance at June 30, 2021 was \$9,649,015, an increase in fund balance of \$2,104,284 from 2020. The primary reason for the increase in fund balance was due to the increase in property and income tax revenue when compared to the prior year.

General Fund Budgeting Highlights

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

The District's budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the original budgeted revenue and other financing sources was \$13,923,139 and the final budgeted revenue and other financing sources was \$14,722,117.

The District's final budgeted revenue when compared to the actual revenue had a variance of \$209,122 mostly due to underestimating taxes and intergovernmental revenue. The District's final budgeted expenditures when compared to actual expenditures had a variance of \$208,569 mostly due to overestimating instruction and support services expenditures.

The District's ending unobligated actual fund balance for the General fund was \$8,398,524.

**Mount Gilead Exempted Village School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

Capital Assets and Long-Term Obligations

Capital Assets

At the fiscal year end, the District had \$16,620,233 invested in land, land improvements, buildings and improvements, and equipment. Table 4 shows fiscal year 2021 balances compared to fiscal year 2020:

**Table 4
Capital Assets at Year End
(Net of Depreciation)**

	Governmental Activities	
	2021	2020
Land	\$26,121	\$26,121
Land Improvements	206,904	3,843
Buildings and Improvements	15,381,124	15,858,621
Equipment	1,006,084	373,871
Total Net Capital Assets	<u>\$16,620,233</u>	<u>\$16,262,456</u>

Overall, capital assets increased due to current year additions exceeding current year depreciation expense.

See Note 7 in the notes to the basic financial statements for further details on the District’s capital assets.

Long-Term Obligations

At June 30, 2021, the District had \$3,776,254 in debt outstanding, \$609,000 due within one year. Table 5 summarizes bonds outstanding.

**Table 5
Outstanding Debt at Year End**

	Governmental Activities	
	2021	2020
2016 Refunding Bonds	\$2,795,000	\$3,340,000
Premium on 2016 Refunding Bonds	134,254	151,035
Lease - Purchase Agreement	847,000	889,000
Total	<u>\$3,776,254</u>	<u>\$4,380,035</u>

See Notes 8 and 9 in the notes to the basic financial statements for further details on the District’s outstanding debt.

**Mount Gilead Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

For the Future

All of the District's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer's office at Mount Gilead Exempted Village School District, 145 North Cherry Street, Mount Gilead, Ohio 43338.

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Mount Gilead Exempted Village School District, Ohio
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$11,129,136
Receivables (Net):	
Taxes	8,393,675
Intergovernmental	322,931
Prepays	6,756
Inventory	5,174
Nondepreciable Capital Assets	26,121
Depreciable Capital Assets, Net	16,594,112
Net OPEB Asset	716,311
	<hr/>
Total Assets	37,194,216
Deferred Outflows of Resources:	
Pension	2,224,650
OPEB	417,507
	<hr/>
Total Deferred Outflows of Resources	2,642,157
Liabilities:	
Accounts Payable	284,782
Accrued Wages and Benefits	1,294,562
Accrued Interest Payable	9,783
Claims Payable	306,607
Long-Term Liabilities:	
Due Within One Year	657,989
Due In More Than One Year	
Net Pension Liability	13,203,682
Net OPEB Liability	1,139,100
Other Amounts	3,482,018
	<hr/>
Total Liabilities	20,378,523
Deferred Inflows of Resources:	
Property Taxes	5,609,078
OPEB	1,668,219
Pension	976,796
	<hr/>
Total Deferred Inflows of Resources	8,254,093
Net Position:	
Net Investment in Capital Assets	12,843,979
Restricted for:	
Debt Service	793,341
Capital Projects	1,430,824
Facilities Maintenance	228,984
Federally Funded Programs	21,546
Food Service	61,646
State Grants	208,399
Other Purposes	86,580
Unrestricted	(4,471,542)
	<hr/>
Total Net Position	\$11,203,757

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$6,989,371	\$776,919	\$354,655	(\$5,857,797)
Special	1,987,042	112,521	889,562	(984,959)
Vocational	226,700	0	79,586	(147,114)
Other	900	0	0	(900)
Support Services:				
Pupil	1,166,026	11,580	403,550	(750,896)
Instructional Staff	324,653	350	18,781	(305,522)
General Administration	56,334	0	0	(56,334)
School Administration	1,395,572	0	23,306	(1,372,266)
Fiscal	591,534	0	12,631	(578,903)
Operations and Maintenance	1,410,024	0	62,782	(1,347,242)
Pupil Transportation	743,309	0	66,263	(677,046)
Operation of Non-Instructional Services	301,930	3,598	329,512	31,180
Extracurricular Activities	309,980	87,812	0	(222,168)
Interest and Fiscal Charges	111,278	0	0	(111,278)
Totals	\$15,614,653	\$992,780	\$2,240,628	(12,381,245)

General Revenues:	
Income Taxes	3,139,642
Property Taxes Levied for:	
General Purposes	3,592,782
Special Revenue Purposes	92,911
Debt Service Purposes	484,424
Capital Projects Purposes	345,438
Grants and Entitlements, Not Restricted	6,995,574
Investment Earnings	32,857
Other Revenues	341,234
Total General Revenues	15,024,862
Change in Net Position	2,643,617
Net Position - Beginning of Year, Restated	8,560,140
Net Position - End of Year	\$11,203,757

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2021

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$8,415,316	\$2,593,216	\$11,008,532
Receivables (Net):			
Taxes	7,631,464	762,211	8,393,675
Intergovernmental	0	322,931	322,931
Interfund	324,944	0	324,944
Prepays	6,226	530	6,756
Inventory	0	5,174	5,174
Total Assets	<u>16,377,950</u>	<u>3,684,062</u>	<u>20,062,012</u>
Liabilities:			
Accounts Payable	870	283,912	284,782
Accrued Wages and Benefits	1,189,507	105,055	1,294,562
Compensated Absences	21,000	0	21,000
Interfund Payable	0	324,944	324,944
Total Liabilities	<u>1,211,377</u>	<u>713,911</u>	<u>1,925,288</u>
Deferred Inflows of Resources:			
Property Taxes	5,325,005	531,736	5,856,741
Income Taxes	192,553	0	192,553
Grants and Other Taxes	0	59,189	59,189
Total Deferred Inflows of Resources	<u>5,517,558</u>	<u>590,925</u>	<u>6,108,483</u>
Fund Balances:			
Nonspendable	6,226	530	6,756
Restricted	0	2,777,057	2,777,057
Assigned	139,538	0	139,538
Unassigned	9,503,251	(398,361)	9,104,890
Total Fund Balances	<u>9,649,015</u>	<u>2,379,226</u>	<u>12,028,241</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$16,377,950</u>	<u>\$3,684,062</u>	<u>\$20,062,012</u>

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2021

Total Governmental Fund Balance		\$12,028,241
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.		
Capital assets used in the operation of Governmental Funds		16,620,233
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Income Taxes	\$192,553	
Delinquent Property Taxes	247,663	
Intergovernmental	59,189	
		<u>499,405</u>
An internal service fund is used by management to charge back costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		
Internal Service Net Position		(186,003)
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(9,783)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(342,753)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	2,224,650	
Deferred inflows of resources related to pensions	(976,796)	
Deferred outflows of resources related to OPEB	417,507	
Deferred inflows of resources related to OPEB	(1,668,219)	
		<u>(2,858)</u>
Long-term liabilities and net OPEB assets are not available to pay for current period expenditures and are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB Asset	716,311	
Net Pension Liability	(13,203,682)	
Net OPEB Liability	(1,139,100)	
Other Amounts	(3,776,254)	
		<u>(17,402,725)</u>
Net Position of Governmental Activities		<u>\$11,203,757</u>

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property and Other Taxes	\$3,590,999	\$866,934	\$4,457,933
Income Taxes	3,041,202	0	3,041,202
Tuition and Fees	901,020	0	901,020
Investment Earnings	32,857	0	32,857
Intergovernmental	7,770,069	1,720,374	9,490,443
Extracurricular Activities	6,876	81,286	88,162
Charges for Services	0	3,598	3,598
Other Revenues	338,834	2,400	341,234
Total Revenues	15,681,857	2,674,592	18,356,449
Expenditures:			
Current:			
Instruction:			
Regular	5,886,654	592,140	6,478,794
Special	1,699,934	316,042	2,015,976
Vocational	240,103	0	240,103
Other	900	0	900
Support Services:			
Pupil	750,774	425,546	1,176,320
Instructional Staff	327,103	5,896	332,999
General Administration	56,485	0	56,485
School Administration	1,373,175	21,153	1,394,328
Fiscal	561,027	27,800	588,827
Operations and Maintenance	1,226,286	193,606	1,419,892
Pupil Transportation	799,248	30,488	829,736
Operation of Non-Instructional Services	500	317,805	318,305
Extracurricular Activities	248,656	109,269	357,925
Capital Outlay	0	11,314	11,314
Debt Service:			
Principal Retirement	0	587,000	587,000
Interest and Fiscal Charges	0	129,583	129,583
Total Expenditures	13,170,845	2,767,642	15,938,487
Excess of Revenues Over (Under) Expenditures	2,511,012	(93,050)	2,417,962
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	5,028	0	5,028
Transfers In	0	11,756	11,756
Transfers (Out)	(411,756)	0	(411,756)
Total Other Financing Sources (Uses)	(406,728)	11,756	(394,972)
Net Change in Fund Balance	2,104,284	(81,294)	2,022,990
Fund Balance - Beginning of Year, Restated	7,544,731	2,460,520	10,005,251
Fund Balance - End of Year	\$9,649,015	\$2,379,226	\$12,028,241

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2021

Net Change in Fund Balance - Total Governmental Funds \$2,022,990

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

Governmental funds report capital asset additions as expenditures.
 However, in the statement of activities, the cost of those assets is
 allocated over their estimated useful lives as depreciation
 expense. This is the amount of the difference between capital
 asset additions and depreciation in the current period.

Capital assets used in governmental activities	\$5,350,959	
Depreciation Expense	<u>(4,882,313)</u>	468,646

Governmental funds only report the disposal of assets to the
 extent proceeds are received from the sale. In the statement
 of activities, a gain or loss is reported for each disposal. The
 amount of the proceeds must be removed and the gain or loss
 on the disposal of capital assets must be recognized. This is the
 amount of the difference between the proceeds and the gain or loss. (110,869)

Governmental funds report district pension and OPEB contributions as
 expenditures. However in the Statement of Activities, the cost
 of pension and OPEB benefits earned net of employee contributions is
 reported as pension and OPEB expense.

District pension contributions	974,919	
Cost of benefits earned net of employee contributions - Pension	(977,855)	
District OPEB contributions	36,178	
Cost of benefits earned net of employee contributions - OPEB	<u>119,355</u>	152,597

Revenues in the statement of activities that do not provide
 current financial resources are not reported as revenues in
 the funds.

Income Taxes	98,440	
Delinquent Property Taxes	2,054	
Intergovernmental	<u>(198,673)</u>	(98,179)

Repayment of bond, current refunding bonds and capital lease principal
 is an expenditure in the governmental funds, but the repayment
 reduces long-term liabilities in the statement of net position.

General Obligation Bonds	545,000	
Capital Leases	<u>42,000</u>	587,000

In the statement of activities interest expense is accrued when incurred;
 whereas, in governmental funds an interest expenditure is reported
 when due. 1,524

Some expenses reported in the statement of activities do not require the
 use of current financial resources and, therefore, are not reported as
 expenditures in governmental funds.

Compensated Absences		(85,559)
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In the statement of activities, bond premium and gain/loss on refunding are
 amortized over the term of the bonds, whereas in governmental funds, an interest
 expenditure is reported when bonds are issued.

Amortization of Bond Premium		16,781
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The internal service fund used by management to charge back costs
 to individual funds is not reported in the entity-wide statement of
 activities. Governmental fund expenditures and the related internal
 service fund revenues are eliminated. The net revenue (expense) of
 the internal service fund is allocated among the governmental activities.

Change in Net Position - Internal Service Funds		<u>(311,314)</u>
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Change in Net Position of Governmental Activities		<u><u>\$2,643,617</u></u>
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See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
Statement of Net Position
Proprietary Fund
June 30, 2021

	<u>Governmental Activities- Internal Service Fund</u>
Current Assets:	
Equity in Pooled Cash and Investments	<u>\$120,604</u>
Total Assets	<u>120,604</u>
Liabilities:	
Current Liabilities:	
Claims Payable	<u>306,607</u>
Total Liabilities	<u>306,607</u>
Net Position:	
Unrestricted	<u>(186,003)</u>
Total Net Position	<u>(\$186,003)</u>

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
Statement of Revenues, Expenses
and Change in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2021

	<u>Governmental Activities- Internal Service Fund</u>
Operating Revenues:	
Charges for Services	<u>\$1,363,399</u>
Total Operating Revenues	<u>1,363,399</u>
Operating Expenses:	
Claims	1,695,872
Fringe Benefits	<u>379,077</u>
Total Operating Expenses	<u>2,074,949</u>
Operating Income (Loss)	<u>(711,550)</u>
Non-Operating Revenues (Expenses):	
Investment Earnings	<u>236</u>
Total Non-Operating Revenues (Expenses)	<u>236</u>
Income (Loss) Before Contributions and Transfers	(711,314)
Transfers In	<u>400,000</u>
Change in Net Position	(311,314)
Net Position - Beginning of Year	<u>125,311</u>
Net Position - End of Year	<u>(\$186,003)</u>

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2021

	<u>Governmental Activities- Internal Service Fund</u>
Cash Flows from Operating Activities:	
Receipts from Interfund Services Provided	\$1,363,399
Cash Payments for Claims	(1,554,532)
Cash Payments for Fringe Benefits	<u>(379,077)</u>
Net Cash Provided (Used) by Operating Activities	<u>(570,210)</u>
Cash Flows from Noncapital Financing Activities:	
Payments from Other Funds	<u>400,000</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>400,000</u>
Cash Flows from Investing Activities:	
Earnings on Investments	<u>236</u>
Net Cash Provided (Used) by Cash Flows from Investing Activities	<u>236</u>
Net Increase (Decrease) in Cash and Investments	(169,974)
Cash and Investments - Beginning of Year	<u>290,578</u>
Cash and Investments - End of Year	<u>120,604</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(711,550)
Changes in Assets & Liabilities:	
Increase (Decrease) in Claims Payables	<u>141,340</u>
Net Cash Provided (Used) by Operating Activities	<u>(\$570,210)</u>

See accompanying notes to the basic financial statements.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 1 - Description of the School District

The Mount Gilead Exempted Village School District (the "District") is located in Morrow County, including all of the Village of Mount Gilead, Ohio, and portions of surrounding townships. The District serves an area of approximately 68 square miles.

The District was established in 1873 through the consolidation of existing land areas and school districts, and in 1960, the Edison School District also became part of the Mount Gilead Exempted Village School District. The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the school district is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District ranks as the 419th largest by enrollment among the 905 public school districts and community schools in the State and the 2nd largest in Morrow County. It currently operates one elementary school and one combined building for the middle school and high school. The District employs 40 non-certified and 92 certified employees to provide services to approximately 1,215 students in grades K through 12 and various community groups.

Note 2 - Summary of Significant Accounting Policies

The basic 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. The District's significant accounting policies are described below.

Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, there were no potential component units that met the criteria imposed by GASB statement No. 14 and No. 61 to be included in the District's reporting entity.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

Jointly Governed Organizations

NWOCA Northwest Ohio Computer Association is a jointly governed organization among 25 school districts. Each of the governments of these schools supports NWOCA based upon a per pupil charge, dependent upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio per pupil. Financial information is available from NWOCA, 205 Nolan Parkway, Archibold, Ohio 43502-8404.

Tri Rivers Career Center The Tri Rivers Career Center (the “Career Center”) is a distinct political subdivision of the State of Ohio. The Career Center is operated under the direction of a Board consisting of one representative from each of the participating school district’s elected board, and one representative from the Educational Service Center of Central Ohio. The Career Center possesses its own budgeting and taxing authority. Financial information is available from the Tri Rivers Career Center, at 2222 Marion/Mount Gilead Road, Marion, Ohio 43302.

Related Organization

Mount Gilead Public Library The Mount Gilead Public Library (the “Library”) is a related organization to the District. The School Board members are responsible for appointing the trustees of the Public Library; however, the School Board cannot influence the Library’s operation nor does the Library represent a potential financial benefit or burden to the District. Although the District does serve as the taxing authority and has issued tax related debt on behalf of the Library, its role is limited to a ministerial function. The Library may issue debt and determines its own budget. Library general obligation debt currently serviced by the District is described in Note 9.

Insurance Purchasing Pools

Medical Mutual of Ohio The District is a participant in an insurance purchasing pool with Medical Mutual of Ohio for the purpose of providing medical/surgical, dental and vision insurance. The District is currently self-funded and will continue to be as it is financially able to moving forward and all considerations for changes or adjustments to the plan design will be considered.

Workers’ Compensation The District has initiated a comprehensive change to CompManagement out of Dublin, Ohio to bring the MCO (Manage Care Organization) and the Workers’ Compensation to an integrated deployment.

Fund Accounting

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

Governmental Funds

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

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The following is the District's major governmental fund:

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

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds; (b) grants and other resources whose use is restricted to a particular purpose; and (c) food service operations.

Proprietary Fund

Proprietary funds are used to account for the District's ongoing activities, which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program, which provides medical/surgical, dental and vision benefits to employees.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District reported no fiduciary funds for fiscal year 2021.

Basis of Presentation and Measurement Focus

Government-wide financial statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of 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 not classified as program revenues are presented as general revenues of the District.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, 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 -Fund financial statements report detailed information about the District. 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, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the District's internal service fund is charges for services. Operating expenses for internal service funds include the claims and personal services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. 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, school district income tax, tuition and grants.

Deferred Outflows/Inflows of Resources - In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources include pension and other post employment benefits. These amounts are reported on the government-wide statement of net position. For more pension and OPEB related information, see in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, grants and other taxes, pension, OPEB, and income taxes. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance year 2022 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Grants and other taxes and income taxes have been recorded as deferred inflows on the governmental fund financial statements. Deferred inflows of resources related to pension and OPEB are reported on the government-wide Statement of Net Position. For more pension and OPEB related information, see Notes 11 and 12.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Equity in Pooled Cash and Investments

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

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit and repurchase agreements, are reported at cost.

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

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or by policy of the Board of Education. Interest revenue credited to the General Fund during fiscal year 2021 amounted to \$32,857.

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

An analysis of the District's investment account at fiscal year end is provided later in the notes.

Prepaid Items

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

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories are accounted for using the purchase method on the fund level statements and using the consumption method on the government-wide statements.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Capital Assets

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

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

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land Improvements	15 - 20 years
Buildings and Improvements	20 - 70 years
Equipment	5 -15 years

Interfund Activity

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

On 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 column on the Statement of Net Position.

Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2021, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service; or twenty years of service at any age were considered expected to become eligible to retire.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2021 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. Compensated absences will be paid from the fund from which the employees' salaries are paid.

Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due. 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.

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 are used:

Nonspendable – resources that are not in spendable form or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education. Those committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual obligations.

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 to be classified as restricted nor 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,

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriation in the subsequent year's appropriated budget.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit cash balance resulting from incurred expenses for specific purposes exceeding amounts, which had been restricted, committed or assigned for said purposes.

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.

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

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the \$2,831,320 in restricted net position, none were restricted by enabling legislation.

Parochial School

Mount Gilead Christian School operates within the District's boundaries. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The receipt and fiduciary responsibility of these State monies by the District is reflected in a nonmajor governmental fund for financial reporting purposes.

Pensions/Other Postemployment Benefits (OPEB)

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

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Estimates

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

Note 3 – Equity in Pooled Cash and Investments

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – 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 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 provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met.
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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.

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. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

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. As of June 30, 2021, \$8,258,238 of the District's bank balance of \$8,508,238 was exposed to custodial credit risk because it was uninsured and collateralized.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

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% of the deposits being secured; or

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

Investments

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

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Investment Type	Fair Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
STAR Ohio	\$517,738	N/A	0.15
Money Market Funds	2,365,981	N/A	0.00
Total Fair Value	\$2,883,719		
Portfolio Weighted Average Maturity			0.03

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2021. STAR Ohio is reported at its share price (Net Asset value per share).

Interest Rate Risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the total maturity of its investment portfolio to five years.

Credit Risk – It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments, which have the highest credit quality rating issued by nationally recognized statistical rating organizations. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. Investments in STAR Ohio were rated AAAM by Standard & Poors. Money Market Funds were not rated.

Concentration of Credit Risk – The District's investment policy allows investments in U.S. Agencies or Instrumentalities. The District places no limit on the amount the District may invest in any one issuer. The District has 18% invested in STAR Ohio and 82% in Money Market Funds.

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District's securities are either insured and registered in the name of the District or at least registered in the name of the District.

Note 4 - Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on real property at 35 percent 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 Morrow County. The County Auditor periodically advances to the

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2022 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes that 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 operation and is reported as revenue at fiscal year-end. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current fiscal operations.

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

The assessed value, by property classification, upon which taxes collected in 2021 were based as follows:

	<u>2020</u>	<u>2021</u>
Agricultural/Residential and Other Real Estate	\$166,888,660	\$178,586,820
Public Utility Personal	<u>10,830,640</u>	<u>10,920,540</u>
Total	<u>\$177,719,300</u>	<u>\$189,507,360</u>

Note 5 - School District Income Tax

During 2003, voters of the District passed a renewal of the 3/4% income tax, effective for five years and in 2008, the income tax was renewed. The tax is collected by the State of Ohio and remitted to the District quarterly. Total income tax revenue for fiscal year 2021, credited to the General Fund, was \$3,041,202.

In May 2019, voters of the District passed a new 3/4% income tax, effective for five years. Collections for the new tax levy will begin in January 2021.

Note 6 – Receivables

Receivables at June 30, 2021, consisted of taxes, intergovernmental grants, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All are expected to be received within one year.

Note 7 - Capital Assets

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

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$26,121	\$0	\$0	\$26,121
<i>Capital Assets, being depreciated:</i>				
Land Improvements	328,343	233,561	0	561,904
Buildings and Improvements	22,976,537	0	503,560	22,472,977
Equipment	2,544,012	5,117,398	0	7,661,410
Totals at Historical Cost	<u>25,875,013</u>	<u>5,350,959</u>	<u>503,560</u>	<u>30,722,412</u>
Less Accumulated Depreciation:				
Land Improvements	324,500	30,500	0	355,000
Buildings and Improvements	7,117,916	366,628	392,691	7,091,853
Equipment	2,170,141	4,485,185	0	6,655,326
Total Accumulated Depreciation	<u>9,612,557</u>	<u>4,882,313</u>	<u>392,691</u>	<u>14,102,179</u>
Governmental Activities Capital Assets, Net	<u>\$16,262,456</u>	<u>\$468,646</u>	<u>\$110,869</u>	<u>\$16,620,233</u>

The District contracted with an appraisal company to perform a capital asset revaluation for fiscal year 2021. Adjustments to capital asset balances as a result of that revaluation are reflected in the additions and deletions columns in the table above.

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$3,029,856
Special	28,462
Vocational	105,839
Support Services:	
Pupil	19,666
Instructional Staff	86,496
School Administration	58,657
Operations and Maintenance	174,431
Pupil Transportation	801,092
Operation of Non-Instructional Services	130,330
Extracurricular Activities	<u>447,484</u>
Total Depreciation Expense	<u>\$4,882,313</u>

Note 8 - Capitalized Leases - Lessee Disclosure

Lease Purchase Agreement

On January 18, 2007, the District entered into a lease-purchase for school facilities construction through the OASBO Expanded Asset Pooled Financing Program. US Bank has been designated as trustee for the

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

agreement. The source of revenue to fund the principal and interest payments is general operating revenue of the District. All of the District's projects were completed in fiscal year 2013.

The following is a summary of the District's future minimum annual payments to termination of the lease purchase agreement:

Fiscal Year Ending June 30,	Long-Term Debt
2022	\$81,950
2023	81,880
2024	81,718
2025	82,441
2026	82,049
2027-2031	410,455
2032-2035	328,382
Total Minimum Lease Payments	1,148,875
Less: Amount Representing Interest	(301,875)
Present Value of Minimum Lease Payments	<u>\$847,000</u>

Note 9 - Long-Term Obligations

During the fiscal year 2021, the following changes occurred in governmental activities long-term obligations:

	Rate	Beginning Balance	Additions	Deletions	Ending Balance	Due In One Year
Governmental Activities:						
General Obligation Bonds:						
2016 Refunding Bonds	2.00%	\$3,340,000	\$0	(\$545,000)	\$2,795,000	\$565,000
Premium		151,035	0	(16,781)	134,254	0
Subtotal Bonds		3,491,035	0	(561,781)	2,929,254	565,000
Capital Lease		889,000	0	(42,000)	847,000	44,000
Compensated Absences		330,146	126,381	(92,774)	363,753	48,989
Subtotal Bonds and Other Amounts		4,710,181	126,381	(696,555)	4,140,007	657,989
Net Pension Liability:						
STRS		9,239,849	621,996	0	9,861,845	0
SERS		3,034,858	306,979	0	3,341,837	0
Subtotal Net Pension Liability		12,274,707	928,975	0	13,203,682	0
Net OPEB Liability:						
SERS		1,304,597	0	(165,497)	1,139,100	0
Subtotal Net OPEB Liability		1,304,597	0	(165,497)	1,139,100	0
Total Long-Term Liabilities		<u>\$18,289,485</u>	<u>\$1,055,356</u>	<u>(\$862,052)</u>	<u>\$18,482,789</u>	<u>\$657,989</u>

General obligation bonds will be paid from the debt service fund. Capital leases will be paid from the permanent improvement fund. Compensated absences will be paid from the fund from which the person is paid.

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

pension and OPEB contributions are made from the fund benefitting from their service.

Principal and interest requirements to retire long-term obligations outstanding at year end are as follows:

Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2022	\$565,000	\$69,963	\$634,963
2023	600,000	54,738	654,738
2024	590,000	39,875	629,875
2025	605,000	22,687	627,687
2026	105,000	12,037	117,037
2027-2029	330,000	16,281	346,281
Total	<u>\$2,795,000</u>	<u>\$215,581</u>	<u>\$3,010,581</u>

Note 10 - Risk Management

Comprehensive

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020, the District contracted with the Ohio School Plan (OSP) for general liability insurance, property insurance and commercial umbrella insurance.

The OSP provides general liability coverage. The general liability coverage insures up to \$3,000,000 each occurrence and \$5,000,000 aggregate.

The OSP provides property, crime, and equipment breakdown insurance coverage. The property coverages insure up to a blanket limit of \$62,104,448 with a \$1,000 deductible, and commercial crime covers up to \$100,000 for theft, disappearance and destruction and \$100,000 for employee dishonesty.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years nor has insurance coverage been significantly reduced from prior year.

Medical/Surgical, Dental and Vision Insurance

Medical/surgical, dental and vision insurance is offered to employees through a self-insurance internal service fund. The District has established a Risk Management Fund (an internal service fund) to account for and finance its uninsured risks of loss. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$100,000 per covered person. The plan is offered to school districts state-wide through the OSBC Consortium located in Zanesville, Ohio.

All funds of the District participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). The District's independent third-party administrator has actuarially determined that \$51,300 is a good and sufficient provision for incurred but not reported claims as of June 30, 2021. This amount is non-discounted and is based upon historical claims experience.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The claims liability of \$306,607 reported in the internal service fund at June 30, 2021, is based on an estimate provided by Medical Mutual (the third party administrator) and the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, as amended by GASB Statement No. 30, “Risk Financing Omnibus”, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling claims. Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2020	\$170,637	\$1,309,910	(\$1,315,280)	\$165,267
2021	165,267	1,695,872	(1,554,532)	306,607

Workers’ Compensation

For fiscal year 2021, the District participated in the CompManagement 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 tiered into groups based upon past workers’ compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. 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 their tiered group. Participation in the GRP is limited to school districts that can meet the GRP’s selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the GRP.

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) represent the School District’s proportionate share of each pension/OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB 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 these estimates annually.

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

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’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 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 cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty 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 0 percent.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Changes in Benefits between Measurement Date and the Fiscal Year End

In September 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021. The effects of these changes are unknown.

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. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$276,519 for fiscal year 2021. Of this amount \$78,233 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with 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. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty 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 that 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 fiscal year 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$698,400 for fiscal year 2021. Of this amount \$116,400 is reported as accrued wages and benefits.

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

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

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$3,341,837	\$9,861,845	\$13,203,682
Proportion of the Net Pension Liability:			
Current Measurement Date	0.05052510%	0.04075742%	
Prior Measurement Date	<u>0.05072320%</u>	<u>0.04178205%</u>	
Change in Proportionate Share	-0.00019810%	-0.00102463%	
Pension Expense	\$308,249	\$669,606	\$977,855

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$6,491	\$22,128	\$28,619
Changes of assumptions	0	529,391	529,391
Net difference between projected and actual earnings on pension plan investments	212,139	479,582	691,721
Changes in employer proportionate share of net pension liability	0	0	0
Contributions subsequent to the measurement date	<u>276,519</u>	<u>698,400</u>	<u>974,919</u>
Total Deferred Outflows of Resources	<u>\$495,149</u>	<u>\$1,729,501</u>	<u>\$2,224,650</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$63,060	\$63,060
Changes in employer proportionate share of net pension liability	<u>35,740</u>	<u>877,996</u>	<u>913,736</u>
Total Deferred Inflows of Resources	<u>\$35,740</u>	<u>\$941,056</u>	<u>\$976,796</u>

\$974,919 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year			
Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	(\$33,301)	(\$179,990)	(\$213,291)
2023	61,349	(69,314)	(7,965)
2024	88,424	163,598	252,022
2025	<u>66,418</u>	<u>175,751</u>	<u>242,169</u>
Total	<u>\$182,890</u>	<u>\$90,045</u>	<u>\$272,935</u>

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Actuarial Assumptions - SERS

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

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

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

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:

Inflation	3.00%
Future Salary Increases, including inflation	3.50% - 18.20%
COLA or Ad Hoc COLA	2.50%
Investment Rate of Return	7.50% net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the 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. The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined 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 rebalanced uncorrelated asset classes.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment 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 pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$4,577,908	\$3,341,837	\$2,304,749

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End

Based on a new experience study for the five years ending June 30, 2020, the SERS Board lowered the investment rate of return from 7.50 percent to 7.00 percent, lowered inflation from 3.00 percent to 2.40 percent, reduced wage inflation from 3.50 percent to 3.25 percent, reduced COLA from 2.50 percent to 2.00 percent, along with certain other changes for the actuarial valuation as of June 30, 2021. The effects of these changes are unknown.

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation are presented below:

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0%, effective July 1, 2017

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 Table, 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.

Actuarial assumptions used in the July 1 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

*10 Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, but 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 member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. 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 pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Proportionate share of the net pension liability	\$14,041,551	\$9,861,845	\$6,319,893

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End

The STRS Board approved a change in the discount rate from 7.45 percent to 7.00 percent for the June 30, 2021 valuation. The effect on the net pension liability is unknown.

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

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

Funding Policy

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 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 \$36,178.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District’s contractually required contribution to SERS was \$36,178 for fiscal year 2021.

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. 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. All benefit recipients 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 Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$1,139,100	\$0	\$1,139,100
Proportionate Share of the Net OPEB (Asset)	0	(716,311)	(716,311)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.05241270%	0.04075742%	
Prior Measurement Date	<u>0.05187700%</u>	<u>0.04178205%</u>	
Change in Proportionate Share	0.00053570%	-0.00102463%	
OPEB Expense	(\$19,930)	(\$99,425)	(\$119,355)

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$14,961	\$45,898	\$60,859
Changes of assumptions	194,177	11,824	206,001
Net difference between projected and actual earnings on OPEB plan investments	12,835	25,104	37,939
Changes in employer proportionate share of net OPEB liability	76,530	0	76,530
Contributions subsequent to the measurement date	36,178	0	36,178
Total Deferred Outflows of Resources	\$334,681	\$82,826	\$417,507
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$579,312	\$142,679	\$721,991
Changes of assumptions	28,691	680,376	709,067
Changes in employer proportionate share of net OPEB liability	43,756	193,405	237,161
Total Deferred Inflows of Resources	\$651,759	\$1,016,460	\$1,668,219

\$36,178 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the 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:

Fiscal Year Ending June 30:	SERS	STRS	Total
2022	(\$66,550)	(\$241,807)	(\$308,357)
2023	(65,621)	(224,815)	(290,436)
2024	(65,772)	(218,854)	(284,626)
2025	(75,441)	(178,742)	(254,183)
2026	(60,455)	(34,563)	(95,018)
Thereafter	(19,417)	(34,853)	(54,270)
Total	(\$353,256)	(\$933,634)	(\$1,286,890)

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

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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%
Wage Increases	3.50% to 18.20%
Investment Rate of Return	7.50% net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45%
Prior Measurement Date	3.13%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	2.63%
Prior Measurement Date	3.22%
Medical Trend Assumption:	
Medicare	5.25% to 4.75%
Pre-Medicare	7.00% to 4.75%

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 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 timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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:

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 at June 30, 2019, was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
Proportionate share of the net OPEB liability	\$1,394,229	\$1,139,100	\$936,272
	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Proportionate share of the net OPEB liability	\$896,954	\$1,139,100	\$1,462,910

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End

Based on a new experience study for the five years ending June 30, 2020, the SERS Board reduced the wage growth assumption from 3.50 percent to 3.25 percent and increased the health care rate of return from 5.25 percent to 7.00 percent. The effects of these changes are unknown.

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%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Payroll Increases	3.00%
Discount Rate of Return	7.45%
Health Care Cost Trends:	
Medical	
Pre-Medicare	5.00% initial, 4% ultimate
Medicare	-6.69% initial, 4% ultimate
Prescription Drug	
Pre-Medicare	6.50% initial, 4% ultimate
Medicare	11.87% initial, 4% ultimate

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.

Actuarial assumptions used in the June 30, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 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.

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:

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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%	

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

Discount Rate

The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

Sensitivity of the Proportionate Share of the Net OPEB (Asset) to Changes in the Discount and Health Care Cost Trend Rate

The following table represents the net OPEB asset as of June 30, 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 if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Proportionate share of the net OPEB (asset)	(\$623,237)	(\$716,311)	(\$795,281)
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$790,379)	(\$716,311)	(\$626,085)

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 13 - Contingencies

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 have been finalized and the District was underpaid \$9,710, which will be received through future foundation payments.

Grants

The School received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2021.

Litigation

The District is not currently party to any legal proceedings, which would have a material impact on the financial statements.

Note 14 – Compliance and Accountability

Accountability - The following individual funds had a deficit in fund balance at year end:

Fund	Deficit
Other Governmental Funds:	
IDEA, Part B	\$32,308
Improving Teacher Quality	8,280
Title I Disadvantaged Children	84,036
Self Insurance Fund	186,003
Miscellaneous Federal Grants	4,506
ESSER	268,912

The deficit in fund balance was primarily due to accruals in GAAP. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

Note 15 - Statutory Reserves

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2021, the reserve activity was as follows:

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	Capital Acquisition
Set Aside Reserve Balance as of June 30, 2020	\$0
Current Year Set Aside Requirements	193,470
Qualified Disbursements	0
Current Year Offsets	(193,470)
Set Aside Reserve Balance as of June 30, 2021	<u>\$0</u>

Qualifying expenditures for capital acquisition exceeded the required set-aside amount. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital acquisition set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods.

Note 16 - Interfund Transactions

Interfund transactions at June 30, 2021, consisted of the following interfund receivables and interfund payables, and transfers in and transfers out:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$324,944	\$0	\$0	\$411,756
Other Governmental Funds	0	324,944	11,756	0
Internal Service Fund	0	0	400,000	0
Total All Funds	<u>\$324,944</u>	<u>\$324,944</u>	<u>\$411,756</u>	<u>\$411,756</u>

Interfund/transfers are used to move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations. All interfund balances are expected to be repaid within one year.

Note 17 – Fund Balances

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

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Fund Balances	General	Other Governmental Funds	Total
Nonspendable:			
Prepays	\$6,226	\$530	\$6,756
Total Nonspendable	6,226	530	6,756
Restricted for:			
Classroom Facilities Maintenance	0	228,984	228,984
Student Activity	0	35,377	35,377
Miscellaneous State Grants	0	23,721	23,721
Title I Sub School Improvement	0	6,487	6,487
IDEA Preschool Grant	0	950	950
Food Service	0	61,579	61,579
Special Trust	0	19,481	19,481
Student Wellness and Success	0	184,534	184,534
Student Activity	0	31,722	31,722
Debt Service	0	775,201	775,201
Permanent Improvement	0	823,702	823,702
Building	0	1,445	1,445
Classroom Facilities	0	583,874	583,874
Total Restricted	0	2,777,057	2,777,057
Assigned to:			
Public School Support	73,433	0	73,433
Encumbrances	66,105	0	66,105
Total Assigned	139,538	0	139,538
Unassigned (Deficit)	9,503,251	(398,361)	9,104,890
Total Fund Balance	<u>\$9,649,015</u>	<u>\$2,379,226</u>	<u>\$12,028,241</u>

Note 18 – Other Commitments

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

Fund	Amount
General	\$66,105
Other Governmental	<u>855,567</u>
Total	<u><u>\$921,672</u></u>

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 19 – Implementation of New Accounting Principles and Restatement of Net Position/Fund Balance

New Accounting Principles

For fiscal year 2021, the School District implemented GASB Statement No. 84, Fiduciary Activities and related guidance from (GASB) Implementation Guide No. 2019-2, Fiduciary Activities, and GASB Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and GASB Statements No. 61.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District will no longer be reporting fiduciary funds. The School District reviewed its fiduciary funds and certain funds have been reclassified as governmental funds. Fund reclassifications resulted in the restatement of the District’s financial statements as noted below.

GASB Statement No. 90 improves consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the District.

Restatement of Fund Balance/Net Position

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

	Other Governmental Funds
	<u> </u>
Fund Balance, June 30, 2020	\$2,418,373
Adjustments-Presentation Changes:	
GASB Statement No. 84	<u>42,147</u>
Restated Fund Balance, June 30, 2020	<u><u>\$2,460,520</u></u>

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

	Governmental Activities
	<u> </u>
Net Position, June 30, 2020	\$8,517,993
Adjustments-Presentation Changes:	
GASB Statement No. 84	<u>42,147</u>
Restated Net Position, June 30, 2020	<u><u>\$8,560,140</u></u>

Mount Gilead Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 20 – COVID-19

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

Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the District received Coronavirus Aid, Relief, and Economic Security (CARES) Act and Elementary and Secondary School Emergency Relief Fund I and II (ESSER) 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 21 – Subsequent Events

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.

REQUIRED SUPPLEMENTARY INFORMATION

Mt Gilead Exempted Village School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Eight Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.05052510%	\$3,341,837	\$1,771,300	188.67%	68.55%
2020	0.05072320%	3,034,858	1,740,096	174.41%	70.85%
2019	0.05338940%	3,057,710	1,763,348	173.40%	71.36%
2018	0.04934400%	2,948,195	1,609,221	183.21%	69.50%
2017	0.05427430%	3,972,378	1,685,557	235.67%	62.98%
2016	0.06087150%	3,473,387	2,023,429	171.66%	69.16%
2015	0.06019100%	3,046,232	1,766,703	172.42%	71.70%
2014	0.06019100%	3,580,439	1,790,636	199.95%	65.52%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Mt Gilead Exempted Village School District
 Required Supplementary Information
 Schedule of the District's Contributions for Net Pension Liability
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$276,519	(\$276,519)	\$0	\$1,975,136	14.00%
2020	247,982	(247,982)	0	1,771,300	14.00%
2019	234,913	(234,913)	0	1,740,096	13.50%
2018	238,052	(238,052)	0	1,763,348	13.50%
2017	225,291	(225,291)	0	1,609,221	14.00%
2016	235,978	(235,978)	0	1,685,557	14.00%
2015	266,688	(266,688)	0	2,023,429	13.18%
2014	244,865	(244,865)	0	1,766,703	13.86%
2013	247,824	(247,824)	0	1,790,636	13.84%
2012	236,808	(236,808)	0	1,760,654	13.45%

See accompanying notes to the required supplementary information.

Mt Gilead Exempted Village School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Eight Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.04075742%	\$9,861,845	\$4,577,743	215.43%	75.48%
2020	0.04178205%	9,239,849	4,831,714	191.23%	77.40%
2019	0.04350227%	9,565,172	4,985,914	191.84%	77.30%
2018	0.04663505%	11,078,256	5,531,229	200.29%	75.30%
2017	0.05140336%	17,206,254	5,635,714	305.31%	66.80%
2016	0.05140990%	14,208,193	5,153,229	275.71%	72.10%
2015	0.04909639%	11,941,941	5,402,162	221.06%	74.70%
2014	0.04909639%	14,186,852	5,798,585	244.66%	69.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Mt Gilead Exempted Village School District
 Required Supplementary Information
 Schedule of the District's Contributions for Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$698,400	(\$698,400)	\$0	\$4,988,571	14.00%
2020	640,884	(640,884)	0	4,577,743	14.00%
2019	676,440	(676,440)	0	4,831,714	14.00%
2018	698,028	(698,028)	0	4,985,914	14.00%
2017	774,372	(774,372)	0	5,531,229	14.00%
2016	789,000	(789,000)	0	5,635,714	14.00%
2015	721,452	(721,452)	0	5,153,229	14.00%
2014	702,281	(702,281)	0	5,402,162	13.00%
2013	753,816	(753,816)	0	5,798,585	13.00%
2012	790,440	(790,440)	0	6,080,308	13.00%

See accompanying notes to the required supplementary information.

Mt Gilead Exempted Village School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Five Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.05241270%	\$1,139,100	\$1,771,300	64.31%	18.17%
2020	0.05187700%	1,304,597	1,740,096	74.97%	15.57%
2019	0.05399910%	1,498,081	1,763,348	84.96%	13.57%
2018	0.04997760%	1,341,267	1,609,221	83.35%	12.46%
2017	0.05468149%	1,558,625	1,685,557	92.47%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Mt Gilead Exempted Village School District
 Required Supplementary Information
 Schedule of the District's Contributions for Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Six Fiscal Years (1) (2)

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$36,178	(\$36,178)	\$0	\$1,975,136	1.83%
2020	33,590	(33,590)	0	1,771,300	1.90%
2019	39,875	(39,875)	0	1,740,096	2.29%
2018	37,259	(37,259)	0	1,763,348	2.11%
2017	26,799	(26,799)	0	1,609,221	1.67%
2016	29,252	(29,252)	0	1,685,557	1.74%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information.

Mt Gilead Exempted Village School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Five Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability
2021	0.04075742%	(\$716,311)	\$4,577,743	(15.65%)	182.13%
2020	0.04178205%	(692,011)	4,831,714	(14.32%)	174.74%
2019	0.04350227%	(699,037)	4,985,914	(14.02%)	176.00%
2018	0.04663505%	1,819,528	5,531,229	32.90%	47.10%
2017	0.05140336%	2,749,065	5,635,714	48.78%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Mt Gilead Exempted Village School District
 Required Supplementary Information
 Schedule of the District's Contributions for Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Six Fiscal Years (1)

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$0	\$0	\$0	\$4,988,571	0.00%
2020	0	0	0	4,577,743	0.00%
2019	0	0	0	4,831,714	0.00%
2018	0	0	0	4,985,914	0.00%
2017	0	0	0	5,531,229	0.00%
2016	0	0	0	5,635,714	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Mount Gilead Exempted Village School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis) - General Fund
 For the Fiscal Year Ended June 30, 2021

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Property and Other Taxes	\$3,230,464	\$3,416,994	\$3,465,515	\$48,521
Income Taxes	2,290,308	2,422,553	2,456,953	34,400
Tuition and Fees	839,908	888,405	901,020	12,615
Investment Earnings	9,461	10,007	10,149	142
Intergovernmental	7,243,058	7,661,280	7,770,069	108,789
Other Revenues	305,253	322,878	327,463	4,585
Total Revenues	13,918,452	14,722,117	14,931,169	209,052
Expenditures:				
Current:				
Instruction:				
Regular	5,313,924	5,858,410	5,765,850	92,560
Special	1,506,980	1,661,391	1,635,142	26,249
Vocational	234,489	258,515	254,431	4,084
Other	829	914	900	14
Support Services:				
Pupil	680,695	750,442	738,585	11,857
Instructional Staff	301,465	332,354	327,103	5,251
General Administration	56,205	61,964	60,985	979
School Administration	1,245,929	1,373,592	1,351,890	21,702
Fiscal	524,725	578,491	569,351	9,140
Operations and Maintenance	1,173,811	1,294,084	1,273,638	20,446
Pupil Transportation	707,974	780,516	768,184	12,332
Extracurricular Activities	227,047	250,311	246,356	3,955
Total Expenditures	11,974,073	13,200,984	12,992,415	208,569
Excess of Revenues Over (Under) Expenditures	1,944,379	1,521,133	1,938,754	417,621
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	4,687	4,958	5,028	70
Transfers (Out)	(368,946)	(406,749)	(400,323)	6,426
Total Other Financing Sources (Uses)	(364,259)	(401,791)	(395,295)	6,496
Net Change in Fund Balance	1,580,120	1,119,342	1,543,459	424,117
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	6,855,065	6,855,065	6,855,065	0
Fund Balance - End of Year	\$8,435,185	\$7,974,407	\$8,398,524	\$424,117

See accompanying notes to the required supplementary information.

Mount Gilead Exempted Village School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

Note 1 – Budgetary Process

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures at level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Any budgetary modification at this level may only be made by resolution of the Board of Education. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund. Although the legal level of budgetary control was established at the fund level for the general fund, the District has elected to present the budgetary statement comparison at the fund and function level of expenditures.

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

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed during the year, including all supplemental appropriations.

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

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 for all funds (budget basis) rather than as an assignment of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. The District's Rotary, Public School Support, and the Termination Benefits funds are reported as part of the general fund (GAAP basis as opposed to the general fund being reported alone (budget basis).

Mount Gilead Exempted Village School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

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

	Net Change in Fund Balance
	<u>General</u>
GAAP Basis	\$2,104,284
Revenue Accruals	(732,441)
Expenditure Accruals	142,154
Transfers (Out)	11,433
Encumbrances	(66,105)
Funds Budgeted Elsewhere	<u>84,134</u>
Budget Basis	<u><u>\$1,543,459</u></u>

Note 2 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2020-2021: There were no changes in benefit terms from the amounts reported for this fiscal year.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changed in the Consumer Price Index Index (CPI-W), with a cap of 2.5% and a floor of 0%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) 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,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
- (8) The discount rate was reduced from 7.75% to 7.50%.

Mount Gilead Exempted Village School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2019-2021: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Note 3 - Net OPEB (Asset)/Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2017-2021: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	3.22%
Measurement Date	2.63%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.13%
------------------------	-------

Mount Gilead Exempted Village School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

Measurement Date	2.45%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	3.22%
Measurement Date	2.63%

2020: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(4) Discount Rate:	
Prior Measurement Date	3.70%
Measurement Date	3.22%
(5) Municipal Bond Index Rate:	
Prior Measurement Date	3.62%
Measurement Date	3.13%
(6) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	3.70%
Measurement Date	3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(7) Discount Rate:	
Prior Measurement Date	3.63%
Measurement Date	3.70%
(8) Municipal Bond Index Rate:	
Prior Measurement Date	3.56%
Measurement Date	3.62%
(9) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	3.63%
Measurement Date	3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:	
Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%
(2) Municipal Bond Index Rate:	
Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,

Mount Gilead Exempted Village School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) 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,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% 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% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% 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. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

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 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in Assumptions:

2021: There were changes in assumptions during the measurement year, which decreased the total OPEB liability by approximately \$0.26 billion. The assumption changes included changes in healthcare costs and trends.

Mount Gilead Exempted Village School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

2018: The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 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.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

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**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

FEDERAL GRANTOR <i>Passed Through Grantor</i> Program / Cluster Title	Federal AL Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>		
<i>Passed through the Ohio Department of Education</i>		
Child Nutrition Cluster:		
Cash Assistance		
School Breakfast Program	10.553	\$ 56,643
COVID-19 School Breakfast Program	10.553	<u>4,721</u>
Total School Breakfast Program		61,364
National School Lunch Program	10.555	187,228
COVID-19 National School Lunch Program	10.555	<u>19,930</u>
Total National School Lunch Program		207,158
Total Cash Assistance		<u>268,522</u>
Non-Cash Assistance		
National School Lunch Program	10.555	<u>41,694</u>
Total Child Nutrition Cluster		<u>310,216</u>
Total U.S. Department of Agriculture		<u>310,216</u>
<u>U.S. DEPARTMENT OF TREASURY</u>		
<i>Passed through the Ohio Department of Education</i>		
COVID-19 Coronavirus Relief Fund	21.019	<u>102,456</u>
Total U.S. Department of Treasury		<u>102,456</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>		
<i>Passed through the Ohio Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010A	189,132
Special Education Cluster:		
Special Education - Grants to States	84.027A	193,392
Special Education - Preschool Grants	84.173A	<u>13,292</u>
Total Special Education Cluster		206,684
Supporting Effective Instruction State Grants	84.367A	9,699
Student Support and Academic Enrichment Program	84.424A	22,492
COVID-19 Education Stabilization Fund:		
COVID-19 Education Stabilization Fund (ESSER I)	84.425D	193,271
COVID-19 Education Stabilization Fund (ESSER II)	84.425D	<u>192,058</u>
Total COVID-19 Education Stabilization Fund		<u>385,329</u>
Total U.S. Department of Education		<u>813,336</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 1,226,008</u>

The accompanying notes are an integral part of this schedule.

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW 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 the Mount Gilead Exempted Village School District, Morrow County, Ohio, (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 entitlement 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

Mount Gilead Exempted Village School District
Morrow County
145 North Cherry Street
Mount Gilead, Ohio 43338

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Mount Gilead Exempted Village School District, Morrow 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 and have issued our report thereon dated April 26, 2022, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

April 26, 2022

OHIO AUDITOR OF STATE KEITH FABER



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

Mount Gilead Exempted Village School District
Morrow County
145 North Cherry Street
Mount Gilead, Ohio 43338

To the Board of Education:

Report on Compliance for the Major Federal Programs

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Programs

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

April 26, 2022

**MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT
MORROW COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	AL # 84.010A - Title I Grants to Local Educational Agencies Child Nutrition Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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Mount Gilead Exempted Village Schools

(established in 1873)

145 North Cherry Street

Mount Gilead, Ohio 43338

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) JUNE 30, 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Financial Statement Presentation – Material Weakness	Fully Corrected	

Ryan Newman
Operations Manager
rnewman@mgschools.org

“On a Journey To Excellence”

Jen Mills
EMIS Coordinator
jmills@mgschools.org

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OHIO AUDITOR OF STATE KEITH FABER



MOUNT GILEAD EXEMPTED VILLAGE SCHOOL DISTRICT

MORROW COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/12/2022

88 East Broad Street, Columbus, Ohio 43215
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This report is a matter of public record and is available online at
www.ohioauditor.gov