



OHIO AUDITOR OF STATE
KEITH FABER



**PAINT VALLEY LOCAL SCHOOL DISTRICT
ROSS COUNTY
JUNE 30, 2021**

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**PAINT VALLEY LOCAL SCHOOL DISTRICT
ROSS COUNTY
JUNE 30, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Paint Valley Local School District
Ross County
7454 US Route 50
Bainbridge, Ohio 45612

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 the Paint Valley Local School District, Ross 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 the District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 24 to the financial statements, during 2021, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

As discussed in Note 23 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
June 14, 2022

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Paint Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The Paint Valley Local School District (the School District) discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2021 are as follows:

- The School District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2021 by \$4,122,283.
- The School District's net position of governmental activities decreased \$1,202,343.
- General revenues accounted for \$9,633,061 in revenue or 74 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,396,911 or 26 percent of total revenues of \$13,029,972.
- The School District had \$14,232,315 in expenses related to governmental activities; \$3,396,911 of these expenses were offset by program specific charges for services and sales and operating grants and contributions.

Using This Annual Financial Report

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the Paint Valley Local School District's financial situation as a whole and also give a detailed view of the School District's financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's 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 the amount of funds available for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

Reporting the School District as a Whole

The analysis of the School District as a whole begins with the Statement of Net Position and the Statement of Activities. These statements provide information that will help the reader to determine whether the School District is financially improving or declining as a result of the year's financial activities. These statements include all assets liabilities and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net position and changes to that net position. This change informs the reader whether the School District's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the School District's financial well-being. Some of these factors include the condition of capital assets, and required educational support services to be provided.

In the statement of net position and the statement of activities, the School District has only one kind of activity.

- **Governmental Activities.** Most of the School District's programs and services are reported here including instruction and support services.

Paint Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the School District is meeting legal responsibilities for use of grants. The School District's major fund is the general fund.

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

Proprietary Funds. The School District's only proprietary fund is an internal service fund. Since the internal service fund operates on a break-even, cost-reimbursement basis, the School District reports it as a proprietary fund using the full accrual basis of accounting. Since the internal service fund exclusively benefits governmental functions, it has been included with governmental activities in the government-wide financial statements. The School District's only internal service fund accounted for the self-insurance program for employee vision and dental insurance. As of January 1, 2019, the School District was no longer self-insured. However, as of June 30, 2021, the School District has not made a determination as to how to distribute the unspent funds.

The School District as a Whole

Recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for the fiscal years ending June 30, 2021 and 2020:

Paint Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

(Table 1)
 Net Position
 Governmental Activities

	2021	2020*
Assets		
Current and Other Assets	\$7,936,433	\$7,645,728
Capital Assets, Net	11,118,530	12,101,263
Total Assets	19,054,963	19,746,991
Deferred Outflows	2,355,646	2,509,358
Liabilities		
Current and Other Liabilities	1,100,007	949,836
Long-Term Liabilities	12,567,075	12,309,410
Total Liabilities	13,667,082	13,259,246
Deferred Inflows	3,621,244	3,672,477
Net Position		
Net Investment in Capital Assets	10,489,637	11,285,981
Restricted	1,069,733	863,746
Unrestricted (Deficit)	(7,437,087)	(6,825,101)
Total Net Position	\$4,122,283	\$5,324,626

*As restated. See note 24 of the notes to the basic financial statements.

Total net position of the School District as a whole decreased \$1,202,343. The increase in current and other assets is primarily due to an increase in intergovernmental receivable as the School District had balances of COVID funds that had not yet been drawn. The decrease in capital assets, net was due to current year depreciation expense, which was partially offset by current year additions. Deferred outflows of resources decreased primarily to pension and OPEB activity. Current and other liabilities increased due to an increase in accounts payable and accrued wages and benefits. Long-term liabilities increased primarily due to pension and OPEB activity. Deferred inflows of resources decreased slightly due primarily to pension and OPEB activity.

Paint Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Table 2 shows the highlights of the School District's revenues and expenses. These two main components are subtracted to yield the change in net position. This table uses the full accrual method of accounting.

(Table 2)
Change in Net Position
Governmental Activities

	2021	2020
Revenues		
Program Revenues		
Charges for Services and Sales	\$1,013,965	\$987,514
Operating Grants, Contributions, and Interest	2,382,946	1,826,219
Capital Grants, Contributions, and Interest	0	11,800
Total Program Revenues	3,396,911	2,825,533
General Revenues		
Property Taxes	1,956,836	2,373,073
Grants and Entitlements not Restricted to Specific Programs	7,530,029	7,445,682
Gifts and Donations not Restricted to Specific Programs	14,127	18,650
Investment Earnings	6,629	63,789
Miscellaneous	125,440	90,082
Total General Revenues	9,633,061	9,991,276
Total Revenues	13,029,972	12,816,809
Program Expenses		
Instruction		
Regular	5,801,146	5,572,062
Special	2,266,183	2,173,730
Vocational	83,742	85,563
Other	1,050,346	979,343
Support Services		
Pupils	643,507	554,920
Instructional Staff	203,478	235,998
Board of Education	89,633	110,364
Administration	922,918	951,826
Fiscal	401,736	411,970
Operation and Maintenance of Plant	1,036,910	1,010,318
Pupil Transportation	694,370	582,323
Central	217,036	270,994
Operation of Non-Instructional Services	415,666	464,155
Extracurricular Activities	384,726	312,459
Interest and Fiscal Charges	20,918	22,172
Total Expenses	14,232,315	13,738,197
Change in Net Position	(1,202,343)	(921,388)
Net Position at Beginning of Year - Restated	5,324,626	N/A
Net Position at Ending of Year	\$4,122,283	\$5,324,626

Operating grants and entitlements increased due to an increase in grant revenues for the COVID relief funding. Charges for services and sales increased due primarily to an increase in tuition and fees. Property taxes decreased due to a decrease in amounts available for advance. Investment earnings decreased due to diminished market

Paint Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

conditions. Overall expenses increased primarily due to pension and OPEB activity and due to additional costs incurred as a result of the COVID-19 pandemic.

Charges for services and sales comprised 8 percent of revenue for governmental activities, while operating grants and contributions comprised 18 percent of revenue for governmental activities of the School District for fiscal year 2021. Property taxes and grants and entitlements, not restricted to specific programs also represent significant portions of revenues, comprising 15 percent and 58 percent, respectively.

As indicated by governmental program expenses, instruction is emphasized. Regular instruction comprised 41 percent of governmental program expenses with special instruction comprising 16 percent of governmental expenses. Operation and maintenance of plant support services also represents a significant portion of expenses, comprising 7 percent of total expenses.

The statement of activities shows the cost of program services and the charges for services and sales, grants, contributions, and interest offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those service supported primarily by tax revenue and unrestricted state entitlements.

(Table 3)
Governmental Activities

	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
<i>Program Expense</i>				
Instruction	\$9,201,417	\$7,164,024	\$8,810,698	\$6,989,390
Support Services	4,209,588	3,097,507	4,128,713	3,454,333
Operation of Non-Instructional Services	415,666	265,610	464,155	216,048
Extracurricular Activities	384,726	287,345	312,459	230,721
Interest and Fiscal Charges	20,918	20,918	22,172	22,172
Total Expenses	\$14,232,315	\$10,835,404	\$13,738,197	\$10,912,664

The School District's Funds

Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$13,167,348 and expenditures and other financing uses of \$13,405,024. The net change in fund balance for the year was most significant in the general fund.

The fund balance of the general fund decreased by \$218,052. This decrease was due primarily to an increase in personnel costs and additional expenditures incurred as a result of the COVID-19 pandemic.

General Fund Budgeting Highlights

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

During 2021, there were several revisions to the general fund budget. Actual and final budgeted revenues were higher than original estimated numbers due to additional tuition and fees and miscellaneous revenues received. Final appropriations were less than original budgeted numbers due to the School District's less than expected expenditures for salaries and benefits and other uses of funds. The Treasurer has been given the authority by the Board of

Paint Valley Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Education to make line item adjustments within the budget. The general fund's ending unobligated cash balance was \$2,532,172.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021 the School District had \$11,118,530 invested in its capital assets. Table 4 shows the fiscal year 2021 balances compared to 2020.

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

	2021	2020
Land	\$186,696	\$186,696
Land Improvements	1,034,673	1,118,945
Buildings and Improvements	8,954,933	9,792,480
Furniture and Equipment	567,644	549,413
Vehicles	340,066	422,278
Infrastructure	20,095	24,804
Textbooks	14,423	6,647
Totals	\$11,118,530	\$12,101,263

Changes in capital assets from the prior year resulted from additions and depreciation expense. See note 8 to the basic financial statements for more detailed information related to capital assets.

Debt

At June 30, 2021, the School District had one outstanding capital lease and an outstanding energy conservation bond. The capital lease is for helmets. The outstanding energy conservation bond is for the purpose of energy conservation measures throughout the School District. The outstanding capital lease and energy conservation bond (excluding premium) totaled \$31,428 and \$615,000 respectively. The School District made its final payment on the school improvement refunding bonds during the fiscal year. See note 14 to the basic financial statements for more detailed information regarding debt.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the School District's financial condition and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Evan Keaton, Treasurer, Paint Valley Local School District, 7454 State Route 50, Bainbridge, Ohio 45612.

Paint Valley Local School District
Statement of Net Position
As of June 30, 2021

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$4,363,393
Cash and Cash Equivalents in Segregated Accounts	7,078
Intergovernmental Receivable	721,156
Property Taxes Receivable	2,217,230
Non-Depreciable Capital Assets, net	186,696
Depreciable Capital Assets, net	10,931,834
Net OPEB Asset	627,576
<i>Total Assets</i>	19,054,963
Deferred Outflows of Resources:	
Pension	2,010,684
OPEB	344,962
<i>Total Deferred Outflows of Resources</i>	2,355,646
Liabilities:	
Accounts Payable	122,317
Accrued Wages and Benefits	801,530
Intergovernmental Payable	174,761
Accrued Interest Payable	1,399
Long-Term Liabilities:	
Due Within One Year	84,140
Due in More Than One Year	1,088,344
Net Pension Liability	10,695,032
Net OPEB Liability	699,559
<i>Total Liabilities</i>	13,667,082
Deferred Inflows of Resources:	
Property Taxes not Levied to Finance Current Year Operations	1,926,983
Pension	465,203
OPEB	1,229,058
<i>Total Deferred Inflows of Resources</i>	3,621,244
Net Position:	
Net Investment in Capital Assets	10,489,637
Restricted for Debt Service	7,727
Restricted for Capital Outlay	138,954
Restricted for Title I Services	204,740
Restricted for Student Wellness and Success	390,016
Restricted for Other Purposes	325,022
Restricted for Scholarships:	
Expendable	274
Nonexpendable	3,000
Unrestricted (Deficit)	(7,437,087)
<i>Total Net Position</i>	\$4,122,283

The notes to the basic financial statements are an integral part of this statement

Paint Valley Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	
Governmental Activities:				
Instruction:				
Regular	\$5,801,146	\$382,898	\$167,780	(\$5,250,468)
Special	2,266,183	143,389	1,215,827	(906,967)
Vocational	83,742	6,738	32,871	(44,133)
Other	1,050,346	87,890	0	(962,456)
Support Services:				
Pupils	643,507	33,608	658,909	49,010
Instructional Staff	203,478	12,020	53,358	(138,100)
Board of Education	89,633	7,469	0	(82,164)
Administration	922,918	74,561	0	(848,357)
Fiscal	401,736	32,477	0	(369,259)
Operation and Maintenance of Plant	1,036,910	63,495	56,945	(916,470)
Pupil Transportation	694,370	46,590	54,721	(593,059)
Central	217,036	17,928	0	(199,108)
Operation of Non-Instructional Services	415,666	7,521	142,535	(265,610)
Extracurricular Activities	384,726	97,381	0	(287,345)
Interest and Fiscal Charges	20,918	0	0	(20,918)
<i>Total Governmental Activities</i>	<u>\$14,232,315</u>	<u>\$1,013,965</u>	<u>\$2,382,946</u>	(10,835,404)

General Revenues:

Property Taxes Levied for:	
General Purposes	1,840,725
Debt Service	9,107
Permanent Improvements	101,094
Classroom Facilities Maintenance	5,910
Grants and Entitlements not	
Restricted for Specific Programs	7,530,029
Unrestricted Gifts and Donations	14,127
Investment Earnings	6,629
Miscellaneous	125,440
<i>Total General Revenues</i>	<u>9,633,061</u>
<i>Change in Net Position</i>	(1,202,343)
<i>Net Position Beginning of Year-Restated</i>	<u>5,324,626</u>
<i>Net Position End of Year</i>	<u>\$4,122,283</u>

The notes to the basic financial statements are an integral part of this statement

Paint Valley Local School District
Balance Sheet
Governmental Funds
As of June 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$3,574,645	\$755,366	\$4,330,011
Cash and Cash Equivalents in Segregated Accounts	0	7,078	7,078
Interfund Receivable	277,040	8,248	285,288
Intergovernmental Receivable	2,365	718,791	721,156
Property Taxes Receivable	2,102,983	114,247	2,217,230
<i>Total Assets</i>	<u>\$5,957,033</u>	<u>\$1,603,730</u>	<u>\$7,560,763</u>
Liabilities:			
Accounts Payable	\$116,117	\$6,200	\$122,317
Accrued Wages and Benefits	672,733	128,797	801,530
Interfund Payable	1,743	283,545	285,288
Intergovernmental Payable	151,544	23,217	174,761
<i>Total Liabilities</i>	942,137	441,759	1,383,896
Deferred Inflows of Resources:			
Property Taxes not Levied to Finance Current Year Operations	1,827,070	99,913	1,926,983
Unavailable Revenue	106,945	724,209	831,154
<i>Deferred Inflows of Resources</i>	1,934,015	824,122	2,758,137
Fund Balances:			
Nonspendable	0	3,000	3,000
Restricted	0	668,289	668,289
Committed	7,606	0	7,606
Assigned	1,007,006	0	1,007,006
Unassigned (Deficit)	2,066,269	(333,440)	1,732,829
<i>Total Fund (Deficit) Balances</i>	<u>3,080,881</u>	<u>337,849</u>	<u>3,418,730</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$5,957,033</u>	<u>\$1,603,730</u>	<u>\$7,560,763</u>

The notes to the basic financial statements are an integral part of this statement.

Paint Valley Local School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 As of June 30, 2021*

Total Governmental Fund Balances \$3,418,730

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. 11,118,530

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Intergovernmental	721,156	
Taxes	109,998	
Total	831,154	831,154

The internal service fund is used by management to charge the costs of deductible reimbursements to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 33,382

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (1,399)

The net pension and OPEB liabilities (assets) are not due and payable in the current period. Therefore, the liabilities (assets) and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows-Pension	2,010,684	
Deferred Outflows-OPEB	344,962	
Deferred Inflows-Pension	(465,203)	
Deferred Inflows-OPEB	(1,229,058)	
Net Pension Liability	(10,695,032)	
Net OPEB Asset	627,576	
Net OPEB Liability	(699,559)	
Total	(10,105,630)	(10,105,630)

Long-term liabilities, including bonds, premiums, capital lease obligations, and the long-term portion of compensated absences are not due and payable in the current period and therefore are not reported in the funds. 0

Capital Lease Obligations	(31,428)	
Compensated Absences	(512,163)	
Energy Conservation Bonds	(615,000)	
Premium on Energy Conservation Bonds	(13,893)	
Total	(1,172,484)	(1,172,484)

Net Position of Governmental Activities **\$4,122,283**

The notes to the basic financial statements are an integral part of this statement

Paint Valley Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property Taxes	\$1,837,830	\$120,035	\$1,957,865
Intergovernmental	8,035,404	1,662,530	9,697,934
Interest	6,629	13	6,642
Tuition and Fees	901,814	0	901,814
Extracurricular Activities	28,988	75,775	104,763
Gifts and Donations	14,127	0	14,127
Customer Sales and Services	0	7,388	7,388
Miscellaneous	123,690	1,750	125,440
<i>Total Revenues</i>	10,948,482	1,867,491	12,815,973
Expenditures:			
Current:			
Instruction:			
Regular	4,501,721	151,481	4,653,202
Special	1,713,429	547,960	2,261,389
Vocational	79,978	0	79,978
Other	1,050,346	0	1,050,346
Support Services:			
Pupils	180,604	431,152	611,756
Instructional Staff	142,137	53,153	195,290
Board of Education	89,072	0	89,072
Administration	874,318	0	874,318
Fiscal	381,822	3,289	385,111
Operation and Maintenance of Plant	752,801	187,590	940,391
Pupil Transportation	553,354	54,721	608,075
Central	218,547	0	218,547
Operation of Non-Instructional Services	1,591	402,896	404,487
Extracurricular Activities	162,597	203,893	366,490
Capital Outlay	39,402	53,824	93,226
Debt Service:			
Principal	55,000	144,218	199,218
Interest	18,440	4,313	22,753
<i>Total Expenditures</i>	10,815,159	2,238,490	13,053,649
<i>Excess of Revenues Over (Under) Expenditures</i>	133,323	(370,999)	(237,676)
Other Financing Sources (Uses):			
Transfers In	0	351,375	351,375
Transfers Out	(351,375)	0	(351,375)
<i>Total Other Financing Sources (Uses)</i>	(351,375)	351,375	0
<i>Net Change in Fund Balances</i>	(218,052)	(19,624)	(237,676)
<i>Fund Balances at Beginning of Year-Restated</i>	3,298,933	357,473	3,656,406
<i>Fund Balances at End of Year</i>	\$3,080,881	\$337,849	\$3,418,730

The notes to the basic financial statements are an integral part of this statement.

Paint Valley Local School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021*

Net Change in Fund Balances - Total Governmental Funds (\$237,676)

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

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

Capital Asset Additions	93,226	
Current Year Depreciation	(1,075,959)	
Total	(982,733)	(982,733)

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

Intergovernmental	215,028	
Taxes	(1,029)	
Total	213,999	213,999

Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows.

Pension	703,719	
OPEB	21,849	
Total	725,568	725,568

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities (assets) are reported as pension/OPEB expense in the statement of activities.

Pension	(1,136,959)	
OPEB	39,829	
Total	(1,097,130)	(1,097,130)

Amortization of bond premiums are not reported in the funds, but are allocated as expenses over the life of the debt in the statement of activities.

Amortization of Premiums	1,389	
Total	1,389	1,389

Repayments of long-term debt are expenditures in the governmental funds, but the repayments reduce liabilities in the statement of net position. In the current fiscal year, these amounts consist of:

Bond Principal Retirement	185,000	
Capital Lease Payments	14,218	
Total	199,218	199,218

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. These activities consist of:

Increase in Compensated Absences	(25,424)	
Decrease in Accrued Interest	446	
Total	(24,978)	(24,978)

Net Change in Net Position of Governmental Activities (\$1,202,343)

The notes to the basic financial statements are an integral part of this statement

Paint Valley Local School District
*Statement of Revenues, Expenditures and Change
in Fund Balance - Budget and Actual (Budgetary Basis)*
General Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
Total Revenues and Other Financing Sources	\$11,317,131	\$11,532,231	\$11,532,231	\$0
Total Expenditures and Other Financing Uses	11,165,426	12,474,799	12,430,958	43,841
<i>Net Change in Fund Balance</i>	151,705	(942,568)	(898,727)	43,841
<i>Fund Balance at Beginning of Year</i>	3,403,845	3,403,845	3,403,845	0
<i>Prior Year Encumbrances Appropriated</i>	27,054	27,054	27,054	0
<i>Fund Balance at End of Year</i>	<u>\$3,582,604</u>	<u>\$2,488,331</u>	<u>\$2,532,172</u>	<u>\$43,841</u>

The notes to the basic financial statements are an integral part of this statement.

Paint Valley Local School District
Statement of Fund Net Position
Proprietary Fund
As of June 30, 2021

	<u>Internal Service</u>
Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$33,382</u>
<i>Total Assets</i>	33,382
Net Position:	
Unrestricted	<u>33,382</u>
<i>Total Net Position</i>	<u><u>\$33,382</u></u>

The notes to the basic financial statements are an integral part of this statement.

Paint Valley Local School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2021

	<u>Internal Service</u>
<i>Net Position Beginning of Year</i>	<u>\$33,382</u>
<i>Net Position End of Year</i>	<u><u>\$33,382</u></u>

The notes to the basic financial statements are an integral part of this statement.

Paint Valley Local School District
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2021

	<u>Internal Service</u>
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>\$33,382</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$33,382</u></u>

The notes to the basic financial statements are an integral part of this statement.

Paint Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 1 – Description of the School District and Reporting Entity

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

The School District was established in 1956 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 121 square miles. It is located in Ross County, and includes all of the Villages of Bainbridge and Bourneville and portions of Paxton, Paint and Twin Townships. It is staffed by 46 noncertificated employees and 72 certificated full-time teaching personnel who provide services to 804 students and other community members. The School District currently operates 3 instructional buildings and 1 bus garage.

Reporting Entity

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

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

The following activities are included within the reporting entity:

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

- Parent Teacher Organization
- Athletic Boosters and Band Boosters
- Ross-Pike Educational Service District

The School District is associated with three jointly governed organizations: the Metropolitan Educational Technology Association (META), Pickaway-Ross Career and Technology Center, and Great Seal Education Network of Tomorrow. The School District is also associated with one public entity shared risk pool, and one insurance purchasing pool: the Optimal Health Initiative Consortium and the Ohio SchoolComp Workers' Compensation Group Rating Plan. These organizations are presented in notes 15 and 16 to the basic financial statements.

Paint Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation - Fund Accounting

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

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds.

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

Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type, however, the School District does not have fiduciary funds.

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The funds used by the School District can be classified using two categories: governmental and proprietary.

Governmental Funds

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

Paint Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

Proprietary Funds

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund type:

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. As of January 1, 2019, the School District no longer provided a self-insurance program for employee vision and dental insurance. The remaining net position is surplus left in the fund after any run out claims were paid. As of June 30, 2021, the School District had not made a determination of how these funds are to be spent. In the statement of activities internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

Fiduciary Funds

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

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all liabilities and deferred inflows/outflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities accounts for increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities and deferred inflows of resources are generally 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.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. Government-wide financial statements and fund financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of unavailable revenue, the presentation of expenses versus expenditures, the recording of deferred

Paint Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

inflows and outflows of resources related to net pension/OPEB liabilities (assets), and the recording of net pension/OPEB liabilities (assets).

Revenues-Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See note 6) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, miscellaneous, and grants.

Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The School District recorded a deferred outflow of resources for pensions and other postemployment benefits. The deferred outflows of resources related to the pension and postemployment benefits are explained in notes 10 and 11. The School District also reports a deferred inflow of resources which represents an acquisition of net position/fund balance that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the School District these amounts consist of taxes and grants which are not collected in the available period, pensions, and other postemployment benefits. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet is partially due to delinquent property taxes and grants not received during the available period. These were reported as revenues on the statement of activities and not recorded as deferred inflows on the statement of net position. Deferred inflows of resources related to pensions and postemployment benefits are reported on the statement of net position. (See notes 10 and 11)

Budgetary Process

All 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 sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Paint Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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

Cash and Cash Equivalents

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

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

For fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. Twenty-four hours advanced noticed is appreciated for deposits and redemptions of \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$250 million per day. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$6,629. All other governmental funds received \$13.

For purposes of the statement of cash flows and for presentation on the balance sheet and the statement of net position, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

Cash and cash equivalents that are held separately within departments of the School District are recorded as "cash and cash equivalents in segregated accounts". These accounts include the payroll account and the athletic account maintained for arbiter pay.

Capital Assets

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

Paint Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

All reported capital assets, 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	Estimated Lives
Land Improvements	5 years
Buildings and Improvements	20 - 50 years
Furniture and Equipment	8 - 20 years
Vehicles	10 years
Infrastructure	50 years
Textbooks	5 - 15 years

Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after 10 years of current service with the School District.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due to each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid. The School District did not have any matured compensated absences payable as of June 30, 2021.

Accrued Liabilities and Long-Term Liabilities

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However compensated absences, pension and OPEB liabilities, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund statements to the extent that they will not be paid with current available expendable financial resources. The entire bonds and capital leases liabilities are reported as liabilities in the government-wide financial statements.

Paint Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Interfund Transactions

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

Fund Balance

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

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

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Estimates

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

Paint Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “Interfund Receivables” and “Interfund Payables.” These amounts are eliminated in the governmental activities column of the statement of net position.

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include activities for food service operations and federal and state grants restricted to expenditures for specified purposes.

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

None of the School District’s restricted net position is restricted by enabling legislation.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. As of January 1, 2019, the School District was no longer self-insured.

Unamortized Bond Issuance Costs/Bond Premium and Discount

On the government-wide financial statements, bond issuance costs are expensed in the year the costs are incurred. Bond premiums are deferred and amortized over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds.

On the fund financial statements, issuance costs and bond premiums are recognized in the current period.

Pensions and Other Post-Employment Benefits (OPEB)

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

Note 3 - Accountability

At June 30, 2021 the lunchroom, early childhood education, miscellaneous state grants, ESSER, CRF rural and small town, title VI-B, title I, preschool, class size reduction, and miscellaneous federal grant funds had deficit fund balances of \$25,221, \$6,326, \$54,721, \$22,998, \$54,078, \$119,048, \$22,347, \$299, \$11,624, and \$16,778, respectively, which were created by the application of accounting principles generally accepted in the United States

Paint Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

of America. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 4 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statement of revenues, expenditures and changes in fund balance-budget and actual (budgetary basis)-general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (Budget Basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (Budget Basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (Budget Basis) rather than as a restriction, commitment, or assignment of fund balance (GAAP basis).
4. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.

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

<u>Net Change in Fund Balance</u>	
GAAP Basis	(\$218,052)
Adjustments:	
Revenue Accruals	612,737
Expenditure Accruals	(262,112)
Encumbrances	(1,017,635)
Perspective Differences	<u>(13,665)</u>
Budget Basis	<u>(\$898,727)</u>

Note 5 – Deposits and Investments

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

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

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

Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

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

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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 bonds and other obligations of political subdivisions of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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 and commercial paper notes for a period not to exceed one hundred eighty 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.

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

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

Deposits

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

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

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

As of June 30, 2021, the School District's bank balance of \$844,649 is either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described above.

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Investments

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

	Carrying/ Fair Value	Weighted Average Maturity (Years)
STAROhio	\$3,559,911	< 1 year
Total Investments	<u>\$3,559,911</u>	

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

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio. The School District's investment policy requires that investment maturities be limited to five years or less unless matched to a specific cash flow requirement.

Credit risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District limits their investments to STAROhio and certificates of deposit. Investments in STAROhio were rated AAAM by Standard & Poor's. The School District's policy does not address credit risk beyond the requirements of the Ohio Revised Code.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policy allows investments in STAROhio, repurchase agreements, certificates of deposit or investments with financial institutions within the State of Ohio as designated by the Federal Reserve Board. The School District has invested 100 percent in STAROhio.

Custodial credit risk – Custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District's securities are either insured and registered in the name of the School District or at least registered in the name of the School District. The School District's policy does not address custodial credit risk beyond the requirements of the Ohio Revised Code.

Note 6 – Property Taxes

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

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

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

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

	2020 Second-Half Collections		2021 First-Half Collections	
	Amount	Percent	Amount	Percent
Agriculture/Residential and Other Real Estate	\$103,710,580	94.70%	\$104,930,370	94.49%
Public Utility	5,803,830	5.30%	6,122,100	5.51%
Total Assessed Value	\$109,514,410	100.00%	\$111,052,470	100.00%
Tax Rate per \$1,000 of Assessed valuation	\$33.50		\$32.50	

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2021. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to unavailable revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2021, was \$171,333 in the general fund and \$8,916 in the non-major permanent improvement capital projects fund.

Note 7 – Receivables

Receivables at June 30, 2021 consisted of interfund, property taxes, and intergovernmental grants. 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 fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables is as follows:

<i>Major Fund:</i>	
General	\$2,365
 <i>Nonmajor Funds:</i>	
Title I-A	221,428
Expanding Opportunities	9,208
Title II-A	11,949
Title IV-A	56,751
Title V-B Rural	36,114
IDEA-B Special Education	110,297
ESSER	124,263
CRF Rural and Small Town	54,078
Early Childhood	39,982
School Bus	54,721
Total Nonmajor Funds	718,791
Total All Funds	\$721,156

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Note 8 – Capital Assets

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

	Ending Balance 6/30/20	Additions	Deletions	Ending Balance 6/30/21
<i>Governmental Activities</i>				
Capital Assets Not Being Depreciated				
Land	\$186,696	\$0	\$0	\$186,696
Total Capital Assets Not Being Depreciated	186,696	0	0	186,696
Capital Assets Being Depreciated				
Land Improvements	2,176,399	0	0	2,176,399
Buildings and Improvements	25,353,354	0	0	25,353,354
Furniture and Equipment	2,550,907	81,981	0	2,632,888
Vehicles	1,625,876	0	0	1,625,876
Infrastructure	132,154	0	0	132,154
Textbooks	374,678	11,245	0	385,923
Total Capital Assets Being Depreciated	32,213,368	93,226	0	32,306,594
Less Accumulated Depreciation				
Land Improvements	(1,057,454)	(84,272)	0	(1,141,726)
Buildings and Improvements	(15,560,874)	(837,547)	0	(16,398,421)
Furniture and Equipment	(2,001,494)	(63,750)	0	(2,065,244)
Vehicles	(1,203,598)	(82,212)	0	(1,285,810)
Infrastructure	(107,350)	(4,709)	0	(112,059)
Textbooks	(368,031)	(3,469)	0	(371,500)
Total Accumulated Depreciation	(20,298,801)	(1,075,959)	0	(21,374,760)
Total Capital Assets Being Depreciated, Net	11,914,567	(982,733)	0	10,931,834
Governmental Activities Capital Assets, Net	\$12,101,263	(\$982,733)	\$0	\$11,118,530

Depreciation expense was charged to governmental functions as follows:

<i>Instruction:</i>	
Regular	\$913,814
Vocational	142
<i>Support Services:</i>	
Instructional Staff	424
Operation and Maintenance of Plant	78,350
Pupil Transportation	70,366
Operation of Non-Instructional Services	3,981
Extracurricular Activities	8,882
Total Depreciation Expense	<u>\$1,075,959</u>

Note 9 – Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the School District contracted with Schools of Ohio Risk Sharing Authority for property, fleet, and liability insurance coverage.

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Coverages provided are as follows:

Building and Contents – Replacement Cost (\$1,000 deductible)	\$42,333,563
Automobile Liability (\$1,000 deductible-buses)	15,000,000
General Liability:	
Per Occurrence	15,000,000
Annual Aggregate	17,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in coverage from the previous fiscal year.

For fiscal year 2021, the School District participated in the Sedgwick Workers Compensation Group Rating Plan (GRP), an insurance purchasing pool (note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the Equity Pooling Fund. This equity pooling arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the GRP.

The School District participates in the Optimal Health Initiatives Consortium (the "Consortium"), a public entity shared risk pool (note 16), consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf.

Note 10 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions and OPEB are components 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 obligation to sacrifice resources for pension is a present obligation because it was created as a result of employment exchanges that have already occurred.

The net pension/OPEB liability (asset) represents 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.

The Ohio Revised Code limits the School District's obligation for these liabilities 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.

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

The remainder of this note includes the required pension disclosures. See note 11 for the required OPEB disclosures.

School Employees Retirement System (SERS)

Plan Description – School District nonteaching 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

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CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost of living adjustment for eligible retirees and beneficiaries in 2021.

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

The School District's contractually required contributions to SERS were \$188,424 for fiscal year 2021. Of this amount, \$38,134 was reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other certified faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website 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 years 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 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 goes to the DC Plan and the remaining 2 percent goes 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

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60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2021 employer and employee contribution rate was 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 contributions to STRS were \$515,295 for fiscal year 2021. Of this amount, \$100,900 is reported as an intergovernmental payable.

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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability			
Current Measurement Date	0.03106710%	0.03570851%	
Proportion of the Net Pension Liability			
Prior Measurement Date	<u>0.03356670%</u>	<u>0.03659147%</u>	
Change in Proportionate Share	<u>-0.00249960%</u>	<u>-0.00088296%</u>	
Proportionate Share of the Net			
Pension Liability	\$2,054,843	\$8,640,189	\$10,695,032
Pension Expense	\$169,489	\$967,470	\$1,136,959

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

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$3,990	\$19,386	\$23,376
Net difference between projected and actual earnings on pension plan investments	130,441	420,172	550,613
Changes of assumptions	0	463,813	463,813
Changes in proportion and differences between School District contributions and proportionate share of contributions	0	269,163	269,163
School District contributions subsequent to the measurement date	<u>188,424</u>	<u>515,295</u>	<u>703,719</u>
Total Deferred Outflows of Resources	<u><u>\$322,855</u></u>	<u><u>\$1,687,829</u></u>	<u><u>\$2,010,684</u></u>
<i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$0	\$55,248	\$55,248
Changes in proportion and differences between School District contributions and proportionate share of contributions	<u>130,100</u>	<u>279,855</u>	<u>409,955</u>
Total Deferred Inflows of Resources	<u><u>\$130,100</u></u>	<u><u>\$335,103</u></u>	<u><u>\$465,203</u></u>

\$703,719 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the 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	(\$93,296)	\$288,014	\$194,718
2023	2,419	177,513	179,932
2024	54,372	233,333	287,705
2025	<u>40,836</u>	<u>138,571</u>	<u>179,407</u>
Total	<u><u>\$4,331</u></u>	<u><u>\$837,431</u></u>	<u><u>\$841,762</u></u>

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment 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

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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:

Wage Inflation	3 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.5 percent 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.

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

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investment earning 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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
 Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the 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 (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
School District's proportionate share of the net pension liability	\$2,814,885	\$2,054,843	\$1,417,154

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:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, 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:

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that 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.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District'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 School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
School District's proportionate share of the net pension liability	\$12,302,125	\$8,640,189	\$5,537,003

Note 11 – Postemployment Benefits

See note 10 for a description of the net OPEB liability (asset).

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'

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health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under employers/audit resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 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 \$21,849. 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 for health care was \$21,849 for fiscal year 2021. Of this amount, \$21,849 is reported as an intergovernmental payable.

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 Liability (Asset), OPEB Expense, 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:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset)			
Current Measurement Date	0.03218840%	0.03570851%	
Proportion of the Net OPEB Liability (Asset)			
Prior Measurement Date	<u>0.03425350%</u>	<u>0.03659147%</u>	
Change in Proportionate Share	<u>-0.00206510%</u>	<u>-0.00088296%</u>	
Proportionate Share of the Net OPEB Liability	\$699,559	\$0	\$699,559
Proportionate Share of the Net OPEB Asset	\$0	(\$627,576)	(\$627,576)
OPEB Expense	(\$8,161)	(\$31,668)	(\$39,829)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$9,188	\$40,210	\$49,398
Net difference between projected and actual earnings on OPEB plan investments	7,881	21,993	29,874
Changes of assumptions	119,251	10,360	129,611
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	71,313	42,917	114,230
School District contributions subsequent to the measurement date	<u>21,849</u>	<u>0</u>	<u>21,849</u>
Total Deferred Outflows of Resources	<u>\$229,482</u>	<u>\$115,480</u>	<u>\$344,962</u>
<i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$355,774	\$125,004	\$480,778
Changes of assumptions	17,620	596,091	613,711
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>119,436</u>	<u>15,133</u>	<u>134,569</u>
Total Deferred Inflows of Resources	<u>\$492,830</u>	<u>\$736,228</u>	<u>\$1,229,058</u>

\$21,849 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or increase in the net OPEB asset in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Fiscal Year Ending June 30:	SERS	STRS	Total
2022	(\$51,652)	(\$156,414)	(\$208,066)
2023	(51,080)	(141,527)	(192,607)
2024	(51,173)	(136,301)	(187,474)
2025	(61,465)	(128,441)	(189,906)
2026	(51,992)	(27,531)	(79,523)
Thereafter	(17,835)	(30,534)	(48,369)
Total	(\$285,197)	(\$620,748)	(\$905,945)

Actuarial Assumptions - SERS

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

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

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

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

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

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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 SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan discussed in note 10.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the 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 School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, and 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%)
School District's proportionate share of the net OPEB liability	\$856,243	\$699,559	\$574,996

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	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%)
School District's proportionate share of the net OPEB liability	\$550,850	\$699,559	\$898,422

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:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5 percent initial, 4 percent ultimate
Medicare	-6.69 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	6.5 percent initial, 4 percent ultimate
Medicare	11.87 initial, 4 percent 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 the 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.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan discussed in note 10.

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 Ohio continues to allocate no employer

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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 School District's 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%)
School District's proportionate share of the net OPEB asset	(\$546,032)	(\$627,576)	(\$696,764)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$692,469)	(\$627,576)	(\$548,528)

Note 12 – Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 225 days for all personnel. Upon retirement, payment is made for thirty percent of accrued, but unused sick leave credit to a maximum of 60 days.

Life and Accident Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Grady Enterprises-One America. The School District has elected to provide employee medical/surgical benefits, dental insurance, and prescription drug benefits through the Optimal Health Initiatives Consortium. The employees share the cost of the monthly premium with the Board. The premium varies per employee depending on the terms of the union contract. Vision insurance is provided through Vision Service Plan.

Note 13 – Capital Leases – Lessee Disclosure

In previous fiscal years, the School District entered into capital leases for copiers and football helmets. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds.

The capital assets acquired by the leases have been capitalized in the statement of net position for governmental activities in the amount of \$142,037 which is equal to the present value of the minimum lease payments at the time

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of acquisition. A corresponding liability was recorded on the statement of net position for governmental activities. Principal payments in fiscal year 2021 totaled \$14,218 in the governmental funds.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2021:

Fiscal Year Ending June 30,	Amount
2022	\$16,500
2023	16,500
Total	33,000
Less: Amount Representing Interest	(1,572)
Present Value of Net Minimum Lease Payments	\$31,428

Note 14 – Long-Term Obligations

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

	Amount Outstanding 6/30/20	Additions	Deductions	Amount Outstanding 6/30/21	Due Within One Year
<i>Governmental Activities</i>					
School Improvement Refunding Bonds 1%-3.15% Serial Bonds	\$130,000	\$0	(\$130,000)	\$0	\$0
Energy Conservation Improvement Bonds 2.87% Serial Bonds	670,000	0	(55,000)	615,000	55,000
Premium	15,282	0	(1,389)	13,893	0
Total Bonds	815,282	0	(186,389)	628,893	55,000
Capital Leases	45,646	0	(14,218)	31,428	14,929
Compensated Absences	486,739	697,159	(671,735)	512,163	14,211
Net Pension Liability					
STRS	8,091,984	548,205	0	8,640,189	0
SERS	2,008,355	46,488	0	2,054,843	0
Total Net Pension Liability	10,100,339	594,693	0	10,695,032	
Net OPEB Liability					
SERS	861,404	0	(161,845)	699,559	0
Total Governmental Activities Long-Term Obligations	\$12,309,410	\$1,291,852	(\$1,034,187)	\$12,567,075	\$84,140

On July 10, 1998, the School District issued long-term general obligation bonds in the amount of \$1,945,800, as a result of the School District being approved for a \$15,430,564 school facilities loan through the State Department of Education for the construction of an education complex. As a requirement of the loans, the School District was required to pass a 3.7 mill levy. The 3.7 mill levy, of which .25 mill was to be used for the retirement of the loan and .25 mill was to be used for maintenance, with the balance of 3.2 mills to be used for the retirement of the long-term bonds issued, will be in effect for twenty-three years. The 5.25% bonds were refunded in a prior fiscal year.

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The Paint Valley Local School District has been notified by the Ohio School Facilities Commission that they will not be responsible for repaying the \$15,430,564 classroom facilities loan to the State because the School District’s adjusted valuation per pupil was less than the state-wide median adjusted valuation per pupil. In lieu of the repayment, the School District must set aside the funds that would have been used for repayment for facilities maintenance. As part of this process, the School District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires in December 2021. If the School District’s adjusted valuation per pupil increases above the state-wide median adjusted valuation during the twenty-three year period, the School District may become responsible for repayment of a portion of the State’s contribution.

On August 3, 2010, the School District issued \$1,215,000 in refunding bonds for the purpose of repaying the classroom facilities improvement bonds issued in 1998. The refunding bonds consisted of \$1,170,000 in serial bonds and \$45,000 in capital appreciation bonds. The serial bonds were issued for a ten year period with a final maturity in December 2020. The capital appreciation bonds matured in fiscal year 2017. The refunding bonds were being repaid from the debt service fund and the final payment was made during the fiscal year.

On May 19, 2016, the School District issued \$845,000 in energy improvement conservation bonds for the purpose of energy conservation measures throughout the School District. The bonds were issued for a 15 year period with a final maturity in December 2030. The bonds were issued with a 2.87% interest rate and will be paid from the general fund.

Capital leases are being paid from the athletics fund. The compensated absences will be paid from the funds from which the employees’ salaries are paid, with the general fund being the most significant fund. The School District pays obligations related to employee compensation from the fund benefitting from their service.

The School District's overall legal debt margin was \$10,002,449 with an unvoted debt margin of \$111,052.

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

Fiscal Year Ending June 30,	Energy Conservation Improvement Bonds	
	Principal	Interest
2022	\$55,000	\$16,861
2023	55,000	15,283
2024	55,000	13,704
2025	60,000	12,054
2026	60,000	10,333
2027-2031	330,000	24,395
Total	\$615,000	\$92,630

Note 15 – Jointly Governed Organizations

Metropolitan Educational Technology Association (META)

META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client’s needs.

The governing board of META consists of a president, vice president and six board members who represent the members of META. The board works with META’s Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization’s mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating,

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contracting and designating management. h member's degree of control is limited to its representation on the Board. The School District paid META \$54,143 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Pickaway-Ross Career and Technology Center (CTC)

The Pickaway-Ross CTC is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven representatives from the various City and County Boards within Pickaway and Ross Counties, each possesses its own budgeting and taxing authority. To obtain financial information write to the Pickaway-Ross CTC, Todd Stahr, who serves as Treasurer, at 895 Crouse Chapel Road, Chillicothe, Ohio 45601.

Great Seal Education Network of Tomorrow

The Great Seal Education Network of Tomorrow is a regional council of governments (the Council) consisting of twelve city, local, and joint vocational school districts, two educational service centers and the Ohio University-Chillicothe Campus for the purpose of promoting the use of advanced telecommunications and technology to provide enhanced educational opportunities to the communities of Ross and Pickaway Counties. The Council is operated under the direction of a Board of Directors consisting of one representative (the superintendent or another person appointed by the board of education) of each of the members, each of which possess its own budgeting and taxing authority. The School District did not pay for any services provided during the year. To obtain financial information, write to the Ohio University-Chillicothe Campus, who acts as fiscal agent, at 571 West Fifth Street, Chillicothe, Ohio 45601.

Note 16 – Public Entity Shared Risk Pool and Insurance Purchasing Pool

Optimal Health Initiatives Consortium

Beginning January 1, 2019, the School District became a member of Optimal Health Initiatives Consortium. The Optimal Health Initiatives Consortium (the "Consortium"), a public entity shared risk pool, consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. The overall objective of the Consortium is to enable its members to purchase employee benefits and related products and services using the Consortium's economics of scale to create cost-savings. The Consortium's business and affairs are managed by an Executive Board of Trustees, consisting of the chairperson of each division's board of trustees and the chairperson of the Butler Health Plan. The participants pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the fiscal agent, Charlie Leboeus, Mountjoy Chilton Medley, LLP, 201 East 5th Street, Suite 2100, Cincinnati, Ohio 45202.

Ohio SchoolComp Workers' Compensation Group Rating Plan

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

Note 17 – Set-Aside Calculations

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

Paint Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

	Capital Acquisition
Set-aside balance as of June 30, 2020	\$0
Current year set-aside requirement	151,621
Current year offsets	(139,845)
Qualifying disbursements	(11,776)
Set-aside balance as of June 30, 2021	\$0

Note 18 – Fund Balances

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

	General	Other Governmental Funds	Total Governmental Funds
<i>Nonspendable</i>			
Scholarships	\$0	\$3,000	\$3,000
<i>Total Nonspendable</i>	0	3,000	3,000
<i>Restricted for</i>			
Capital Maintenance	0	20,336	20,336
Student Activities	0	49,904	49,904
Athletics	0	31,455	31,455
Federal and State Programs	0	415,970	415,970
Debt Service	0	7,727	7,727
Capital Improvements	0	133,536	133,536
Scholarships	0	9,361	9,361
<i>Total Restricted</i>	0	668,289	668,289
<i>Committed to</i>			
Athletic Transportation Costs	7,606	0	7,606
<i>Total Committed</i>	7,606	0	7,606
<i>Assigned to</i>			
Future Purchases	989,868	0	989,868
Public School Support	17,138	0	17,138
<i>Total Assigned</i>	1,007,006	0	1,007,006
<i>Unassigned (Deficit)</i>	2,066,269	(333,440)	1,732,829
<i>Total Fund Balances</i>	\$3,080,881	\$337,849	\$3,418,730

Paint Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 19 – Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2021, if applicable, cannot be determined at this time.

Litigation

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

Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE has finalized the impact of enrollment adjustments to the June 30, 2021 Foundation funding for the School District and does not anticipate any further FTE adjustments for fiscal year 2021. These adjustments did not have any significant impact on the School District’s funding,

Note 20 – Interfund Activity

Interfund Payables/Receivables

As of June 30, 2021, receivables and payables that resulted from various interfund transactions were as follows:

	Receivables	Payables
<i>Major Fund:</i>		
General	\$277,040	\$1,743
<i>Nonmajor Funds:</i>		
Early Childhood Education	1,743	0
Miscellaneous State Grants	0	54,721
ESSER	0	12,640
CRF Rural and Small Town	0	54,078
Title VI-B	0	81,897
Title I School Improvement	0	44,339
Title I	6,505	15,095
Preschool	0	299
Class Size Reduction	0	2,941
Miscellaneous Federal Grants	0	17,535
Total Nonmajor Funds	8,248	283,545
Total	\$285,288	\$285,288

The School District made advances to certain grant funds in anticipation of grant receipts. These advances are expected to be repaid during fiscal year 2022. Additionally, the title I Fund repaid outstanding advances of the miscellaneous federal grants fund in error in a prior year and the correction has not yet been made. The miscellaneous federal grants fund will repay the title I fund in fiscal year 2022 to correct this error. Lastly, the early

Paint Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

childhood education fund repaid advances to the general fund in excess of the balance outstanding. This error will be corrected in fiscal year 2022.

Interfund Transfers

As of June 30, 2021, transfers were as follows:

	Transfer To	Transfer From
<i>Major Fund:</i>		
General	\$0	\$351,375
 <i>Nonmajor Funds:</i>		
Permanent Improvement	85	0
Lunchroom	245,887	0
Athletics	105,249	0
Title VI-B	154	0
Total Nonmajor Funds	351,375	0
Total	\$351,375	\$351,375

The permanent improvement, lunchroom, athletics, and title VI-B funds received transfers from the general fund to move unrestricted balances to support programs and projects accounted for in other funds.

Note 21 – Outstanding Commitments

Encumbrances

At June 30, 2021 the School District had encumbrance commitments in governmental funds as follows:

<i>Major Fund:</i>	
General	\$1,018,731
 <i>Nonmajor Governmental Funds:</i>	
Permanent Improvement	6,888
Scholarships	500
Classroom Facilities Maintenance	16,161
Athletics	5,300
ESSER	36,374
Total Nonmajor Governmental Funds	65,223
Total	\$1,083,954

Note 22 – Subsequent Event

For fiscal year 2022, School District foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. This new funding system calculates a unique base cost and a unique “per-pupil local capacity amount” for each School District. The School District’s state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

Paint Valley Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 23 – COVID-19

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

During fiscal year 2021, the School District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding in the amount of \$185,739. None of the amounts received was subgranted to other governments or organizations, returned to the granting agency, or spent on-behalf of other governments. Additionally, the School District did not receive a significant amount of donated personal protective equipment as an on-behalf of grant from another government.

Note 24 – New Accounting Principles and Restatement of Balances

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.” 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 agency funds. The School District reviewed its agency funds and determined that certain funds should be reclassified as governmental funds. These fund reclassifications resulted in the restatement of the School District’s financial statements.

Additionally, the School District recognized receivables in the prior year that ultimately were not received. Beginning net position was restated to remove the beginning effect of those balances.

Restatement of Fund Balances and Net Position

The implementation of GASB Statement No. 84 had the following effect on fund balance as of June 30, 2020:

	Other Governmental Funds
Fund Balance, As Reported, June 30, 2020	\$482,792
<i>Adjustments:</i>	
Major Fund Reclassification	(179,544)
GASB 84	54,225
Fund Balance, As Restated, July 1, 2020	\$357,473

The implementation of GASB Statement No. 84 and the restatement for overreported receivables had the following effects on net position as of June 30, 2020:

	Governmental Activities
Net Position, As Reported, June 30, 2020	\$5,282,009
<i>Adjustments:</i>	
Receivables	(11,608)
GASB 84	54,225
Net Position, As Restated, July 1, 2020	\$5,324,626

Paint Valley Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Eight Fiscal Years

	2014	2015	2016	2017	2018	2019	2020	2021
<i>State Teachers Retirement System</i>								
School District's proportion of the net pension liability	0.03591231%	0.03591231%	0.03654265%	0.03430961%	0.03370327%	0.03523589%	0.03659147%	0.03570851%
School District's proportionate share of the net pension liability	\$10,405,214	\$8,735,117	\$10,099,320	\$11,484,461	\$8,006,284	\$7,747,581	\$8,091,984	\$8,640,189
School District's covered-employee payroll	\$4,494,492	\$3,669,354	\$3,812,614	\$3,764,829	\$3,847,629	\$3,718,629	\$4,946,314	\$3,882,236
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	231.5%	238.1%	264.9%	305.0%	208.1%	208.3%	163.6%	222.6%
Plan fiduciary net position as a percentage of the total pension liability	69.3%	74.7%	72.1%	66.8%	75.3%	77.3%	77.4%	75.5%
<i>School Employees Retirement System</i>								
School District's proportion of the net pension liability	0.03201000%	0.03201000%	0.02986670%	0.03238060%	0.03123320%	0.03625680%	0.03356670%	0.03106710%
School District's proportionate share of the net pension liability	\$1,903,532	\$1,620,008	\$1,704,223	\$2,369,961	\$1,866,115	\$2,076,494	\$2,008,355	\$2,054,843
School District's covered-employee payroll	\$1,059,357	\$930,137	\$899,112	\$1,505,707	\$1,390,593	\$1,330,348	\$1,377,119	\$987,321
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	179.7%	174.2%	189.5%	157.4%	134.2%	156.1%	145.8%	208.1%
Plan fiduciary net position as a percentage of the total pension liability	65.5%	71.7%	69.2%	63.0%	69.5%	71.4%	70.9%	68.6%

The amounts presented are as of the School District's measurement date, which is the prior fiscal year end.
Information not available prior to 2014.
See the accompanying notes to the required supplementary information.

Paint Valley Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Last Five Fiscal Years

	2017	2018	2019	2020	2021
<i>State Teachers Retirement System</i>					
School District's proportion of the net OPEB liability (asset)	0.03430961%	0.03370327%	0.03523589%	0.03659147%	0.03570851%
School District's proportionate share of the net OPEB liability (asset)	\$1,834,887	\$1,314,977	(\$566,205)	(\$606,043)	(\$627,576)
School District's covered-employee payroll	\$3,764,829	\$3,847,629	\$3,718,629	\$4,946,314	\$3,882,236
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	48.7%	34.2%	-15.2%	-12.3%	-16.2%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	37.3%	47.1%	176.0%	174.7%	182.1%
<i>School Employees Retirement System</i>					
School District's proportion of the net OPEB liability	0.03272600%	0.03162480%	0.03617580%	0.03425350%	0.03218840%
School District's proportionate share of the net OPEB liability	\$932,812	\$848,727	\$1,003,614	\$861,404	\$699,559
School District's covered-employee payroll	\$1,505,707	\$1,390,593	\$1,379,600	\$1,377,119	\$987,321
School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	62.0%	61.0%	72.7%	62.6%	70.9%
Plan fiduciary net position as a percentage of the total OPEB liability	11.5%	12.5%	13.6%	15.6%	18.2%

The amounts presented are as of the School District's measurement date, which is the prior fiscal year end.
Information not available prior to 2017.
See the accompanying notes to the required supplementary information.

Paint Valley Local School District
Required Supplementary Information
Schedule of School District Contributions
Last Ten Fiscal Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<i>State Teachers Retirement System</i>										
Contractually required contribution - pension	\$710,328	\$584,284	\$477,016	\$533,766	\$527,076	\$538,668	\$520,608	\$692,484	\$543,513	\$515,295
Contractually required contribution - OPEB	10,939	11,063	11,890	0	0	0	0	0	0	0
Contractually required contribution - total	721,267	595,347	488,906	533,766	527,076	538,668	520,608	692,484	543,513	515,295
Contributions in relation to the contractually required contribution	721,267	595,347	488,906	533,766	527,076	538,668	520,608	692,484	543,513	515,295
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District's covered-employee payroll	\$5,464,062	\$4,494,492	\$3,669,354	\$3,812,614	\$3,764,829	\$3,847,629	\$3,718,629	\$4,946,314	\$3,882,236	\$3,680,679
Contributions as a percentage of covered-employee payroll - pension	13.00%	13.00%	13.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered-employee payroll - OPEB	1.00%	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered-employee payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
<i>School Employees Retirement System</i>										
Contractually required contribution - pension	\$148,793	\$146,615	\$128,917	\$118,503	\$210,799	\$194,683	\$179,597	\$185,911	\$138,225	\$188,424
Contractually required contribution - OPEB (1)	6,084	1,695	1,302	7,373	0	0	5,384	5,755	0	0
Contractually required contribution - total	154,877	148,310	130,219	125,876	210,799	194,683	184,981	191,666	138,225	188,424
Contributions in relation to the contractually required contribution	154,877	148,310	130,219	125,876	210,799	194,683	184,981	191,666	138,225	188,424
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District's covered-employee payroll	\$1,106,268	\$1,059,357	\$930,137	\$899,112	\$1,505,707	\$1,390,593	\$1,330,348	\$1,377,119	\$987,321	\$1,345,886
Contributions as a percentage of covered-employee payroll - pension	13.45%	13.84%	13.86%	13.18%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%
Contributions as a percentage of covered-employee payroll - OPEB	0.55%	0.16%	0.14%	0.82%	0.00%	0.00%	0.50%	0.50%	0.00%	0.00%
Contributions as a percentage of covered-employee payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Excludes surcharge.

See the accompanying notes to the required supplementary information.

State Teachers Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017. For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017. There were no changes to benefit terms for fiscal years 2019 through 2021.

Changes in assumptions

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Inflation assumptions were lowered from 2.75 percent to 2.50 percent.
- Investment return assumptions were lowered from 7.75 percent to 7.45 percent.
- Total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation.
- Payroll growth assumptions were lowered from 3.50 percent to 3.00 percent.
- Updated the health and disability mortality assumption to the RP-2014 mortality tables with generational improvement scale MP-2016.
- Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

There were no changes in assumptions for fiscal years 2019 through 2021.

OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal year 2017.

For fiscal year 2018, STRS has the following changes in benefit terms since the previous measurement date:

- The HealthSpan HMO plans were eliminated.
- The subsidy multiplier for non-Medicare benefit recipients was reduced to 1.9 percent per year of service from 2.1 percent.
- Medicare Part B premium reimbursements were discontinued for survivors and beneficiaries who were age 65 by 2008 and either receiving a benefit or named as a beneficiary as of January 1, 2008.
- The remaining Medicare Part B premium reimbursements will be phased out over a three-year period.

For fiscal year 2019, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The subsidy multiplier for non-Medicare benefit recipients increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020, though the STRS Board voted in June 2019 to extend the current Medicare Part B partial reimbursement for one year.

Paint Valley Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

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

For fiscal year 2021, 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.

Changes in assumptions

There were no changes in assumptions for fiscal year 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB 74.
- The long-term rate of return was reduced to 7.45 percent.
- Valuation-year per capita health costs were updated.
- The percentage of future retirees electing each option was updated based on current data.
- The assumed future trend rates were modified.
- Decrement rates including mortality, disability, retirement, and withdrawal were modified.
- The assumed percentage of future disabled retirees assumed to elect health coverage was decreased from 84 percent to 65 percent, and the assumed percentage of terminated vested participants assumed to elect health coverage at retirement was decreased from 47 percent to 30 percent.
- The assumed salary scale was modified.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from a 4.13 percent blended discount rate to 7.45 percent.
- The health care trend assumption rate changed from 6 to 11 percent initial, 4.5 percent ultimate to:
 - Medical Medicare – 6 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – 5 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – 8 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – -5.23 percent initial, 4 percent ultimate

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from 6 percent to 5.87 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – from 5 percent to 4.93 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 8 percent to 7.73 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from -5.23 percent to 9.62 initial, 4 percent ultimate

Paint Valley Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
 - Medical Medicare – from 4.93 percent to -6.69 percent initial, 4 percent ultimate
 - Medical Pre-Medicare – from 5.87 percent to 5 percent initial, 4 percent ultimate
 - Prescription Drug Medicare – from 7.73 percent to 6.5 percent initial, 4 percent ultimate
 - Prescription Drug Pre-Medicare – from 9.62 percent to 11.87 initial, 4 percent ultimate

School Employees Retirement System

Pension

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017.

For fiscal year 2018, the following were the most significant changes in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5 percent with a floor of 0 percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendars 2018, 2019, and 2020.

There were no changes to benefit terms for fiscal years 2019 through 2021.

Changes in assumptions

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00-22.00 percent to 3.50-18.20 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. The above rates represent the base rates used.
- 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 percent of male rates, and 110 percent of female rates.
- Mortality among disable member was updated to the following:
 - 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.

There were no changes in assumptions for fiscal years 2019 through 2021.

Paint Valley Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

OPEB

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2017 through 2021.

Changes in assumptions

For fiscal year 2017, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00-22.00 percent to 3.50-18.2 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to the following:
 - 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.

For fiscal year 2018, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 2.98 percent to 3.63.
- The municipal bond index rate increased from 2.95 percent to 3.56 percent.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 3.63 percent to 3.70 percent.
- The municipal bond index rate increased from 3.56 percent to 3.62 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63 percent to 3.70 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2018 – 5.50 to 5.00 percent, 2019 – 5.375 to 4.75 percent
 - Pre-Medicare – 2018 – 7.50 to 5.00 percent, 2019 – 7.25 to 4.75

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.62 percent to 3.13 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70 percent to 3.22 percent.
- The medical trend assumption rate changed as follows:
 - Medicare – 2019 – 5.375 to 4.75 percent, 2020 – 5.25 to 4.75 percent
 - Pre-Medicare – 2019 – 7.25 to 4.75, 2020 – 7 to 4.75 percent

Paint Valley Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

For fiscal year 2021, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.13 percent to 2.45 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22 percent to 2.63 percent.

Paint Valley Local School District
Ross County
Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2021

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal Assistance Listing Number	Passed Through to Subrecipients	Federal Expenditures
<u>United States Department of Agriculture</u>				
<i>Passed through the Ohio Department of Education</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	N/A	10.555	\$0	\$31,763
Cash Assistance:				
COVID-19 School Breakfast Program	3L70	10.553	0	8,238
School Breakfast Program	3L70	10.553	0	33,082
COVID-19 National School Lunch Program	3L60	10.555	0	22,680
National School Lunch Program	3L60	10.555	0	71,687
Total Child Nutrition Cluster			0	167,450
Total United States Department of Agriculture			0	167,450
<u>United States Department of Treasury</u>				
<i>Passed through the Ohio Department of Education</i>				
COVID-19 Coronavirus Relief Fund	5CV1	21.019	0	53,358
COVID-19 Coronavirus Relief Fund	5CV1	21.019	0	54,078
Total COVID-19 Coronavirus Relief Fund			0	107,436
Total United States Department of Treasury			0	107,436
<u>United States Department of Education</u>				
<i>Passed through the Ohio Department of Education</i>				
Special Education Cluster (IDEA):				
Special Education-Grants to States	3M20	84.027A	0	205,082
Special Education-Preschool Grants	N/A	84.173A	4,170	4,170
Total Special Education Cluster (IDEA)			4,170	209,252
Title I Grants to Local Educational Agencies	3M00	84.010A	0	316,198
Title I Grants to Local Educational Agencies	3M00	84.010A	0	13,536
Title I Grants to Local Educational Agencies	N/A	84.010A	56,420	56,420
Total Title I Grants to Local Educational Agencies			56,420	386,154
Supporting Effective Instruction State Grants	3Y60	84.367A	0	61,920
Student Support and Academic Enrichment Program	3HI0	84.424A	0	4,789
COVID-19 Education Stabilization Fund	3HS0	84.425A	0	145,023
Total United States Department of Education			60,590	807,138
Total Federal Financial Assistance			\$60,590	\$1,082,024

N/A - pass through entity number not available.

The notes to the schedule of federal awards expenditures are an integral part of this schedule.

Paint Valley Local School District
Notes to the Schedule of Federal Awards Expenditures
For the Fiscal Year Ended June 30, 2021

Note A – Basis of Presentation

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

Note B – Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

Note C – Indirect Cost Rate

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

Note D – Subrecipients

The School District passes certain federal awards received from Ohio Department of Education to other governments or not-for-profit agencies (subrecipients). As Note B describes, the School District reports expenditures of Federal awards to subrecipients when paid in cash.

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

Note E – Child Nutrition Cluster

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

Note F – Food Donation Program

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



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

Paint Valley Local School District
Ross County
7454 US Route 50
Bainbridge, Ohio 45612

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 the Paint Valley Local School District, Ross County, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 14, 2022. We noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District. We also noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement 84, *Fiduciary Activities*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio
June 14, 2022

OHIO AUDITOR OF STATE KEITH FABER



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

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

Paint Valley Local School District
Ross County
7454 US Route 50
Bainbridge, Ohio 45612

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Title I Grants to Local Educational Agencies

As described in findings 2021-001 and 2021-002 in the accompanying schedule of findings, the District did not comply with requirements regarding subrecipient monitoring applicable to its CFDA# 84.010 Title I Grants to Local Educational Agencies major federal program. Compliance with this requirement is necessary, in our opinion, for the District to comply with requirements applicable to this program.

Qualified Opinion on Title I Grants to Local Educational Agencies

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion on Title I Grants to Local Educational Agencies paragraph, Paint Valley Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its Title I Grants to Local Educational Agencies for the year ended June 30, 2021.

Other Matters

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

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness and a deficiency we consider to be a significant deficiency.

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's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2021-001 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency or a combination of deficiencies in internal control over compliance with a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2021-002 to be a significant deficiency.

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

Paint Valley Local School District
Ross County
Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control Over
Compliance Required by the Uniform Guidance
Page 3

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

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, stylized "K" and "F".

Keith Faber
Auditor of State
Columbus, Ohio
June 14, 2022

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**PAINT VALLEY LOCAL SCHOOL DISTRICT
ROSS COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None noted.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. Subrecipient Monitoring

Finding Number:	2021-001
Assistance Listing Number and Title:	AL # 84.010 Title I Grants to Local Educational Agencies
Federal Award Identification Number / Year:	3M00/ 2020-2021

Federal Agency:	United States Department of Education
Compliance Requirement:	Subrecipient Monitoring
Pass-Through Entity:	Ohio Department of Education
Repeat Finding from Prior Audit?	No

Noncompliance and Material Weakness

2 CFR § 3474.1 gives regulatory effect to the Department of Education for **2 CFR § 200.332**, which established requirements over subawards for pass-through entities and states, in part:

All pass-through entities must:

(b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e); (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved; (e) Depending upon the pass-through entity's assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the CFR lists monitoring tools that may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals.

We noted the District did not perform a subrecipient checklist prior to allocating funds. Additionally, the District did not complete monitoring procedures for subrecipients.

The District should implement procedures to verify that all required reviews and any additional required follow ups are completed and accurately documented.

Officials' Response:

The District will implement a formal agreement for the management and expenditure of Title I-D Funds is signed each year by the Paint Valley LSD and sub-recipient (Educational Service Center). The agreement will list the monies awarded and how it will be used.

2. Subrecipient Agreement

Finding Number:	2021-002
Assistance Listing Number and Title:	AL # 84.010 Title I Grants to Local Educational Agencies
Federal Award Identification Number / Year:	3M00/ 2020-2021
Federal Agency:	United States Department of Education
Compliance Requirement:	Subrecipient Monitoring
Pass-Through Entity:	Ohio Department of Education
Repeat Finding from Prior Audit?	No

Noncompliance and Significant Deficiency

2 CFR § 3474.1 gives regulatory effect to the Department of Education for **2 CFR §200.332(a)** which states, in part, that all pass-through entities must:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes: (1) Federal award identification. (i) Subrecipient name (which must match the name associated with its unique entity identifier); (ii) Subrecipient's unique entity identifier; (iii) Federal Award Identification Number (FAIN); (iv) Federal Award Date (see the definition of Federal award date in §200.1 of this part) of award to the recipient by the Federal agency; (v) Subaward Period of Performance Start and End Date; (vi) Subaward Budget Period Start and End Date; (vii) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient; (viii) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation; (ix) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity; (x) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA); (xi) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity; (xii) Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement; (xiii) Identification of whether the award is R&D; and (xiv) Indirect cost rate for the Federal award (including if the de minimis rate is charged) per §200.414.

We noted the District signed a memorandum of understanding with the subrecipient, however; the agreement did not specifically identify the subrecipient as a subrecipient or include all award information as required above.

The District should ensure all required information is included in the subrecipient agreement.

Officials' Response:

The District will implement a formal agreement for the management and expenditure of Title I-D Funds is signed each year by the Paint Valley LSD and sub-recipient (Educational Service Center). The agreement will list the monies awarded and how it will be used.

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PAINT VALLEY LOCAL SCHOOL DISTRICT

7454 U.S. Route 50, Bainbridge, (Ross County) OH 45612

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Lewis Ewry, Assistant Superintendent
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Excellence Now . . . And For The Future

Evan Keaton, Treasurer
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Joel Holbert, 6-12 Principal
E. Shayne Combs, Asst. Principal
(740) 634-3582
Fax (740) 634-3518

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

Finding Number: 2021-001
Planned Corrective Action: A formal agreement for the management and expenditure of Title I-D Funds is signed each year by the Paint Valley LSD and sub-recipient (Educational Service Center). The agreement will list the monies awarded and how it will be used.
Anticipated Completion Date: 06/01/2022
Responsible Contact Person: Evan Keaton, Treasurer

Finding Number: 2021-002
Planned Corrective Action: A formal agreement for the management and expenditure of Title I-D Funds is signed each year by the Paint Valley LSD and sub-recipient (Educational Service Center). The agreement will list the monies awarded and how it will be used.
Anticipated Completion Date: 06/01/2022
Responsible Contact Person: Evan Keaton. Treasurer

“Providing each student an opportunity to achieve the skills necessary to be a productive citizen, a lifelong learner, and to meet the challenges of the future.”

OHIO AUDITOR OF STATE KEITH FABER



PAINT VALLEY LOCAL SCHOOL DISTRICT

ROSS 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 7/5/2022

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

This report is a matter of public record and is available online at
www.ohioauditor.gov