



OHIO AUDITOR OF STATE
KEITH FABER



**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY
JUNE 30, 2021**

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STARK COUNTY
JUNE 30, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Perry Local School District
Stark County
4201 13th Street SW
Massillon, Ohio 44646

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Schedule of Receipts and 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 relate 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 March 2, 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

March 2, 2022

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**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

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

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- In total, net position of governmental activities decreased \$2,444,012 which represents a 13.69% decrease from June 30, 2020's net position.
- General revenues accounted for \$46,561,747 in revenue or 76.95% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions and capital grants and contributions accounted for \$13,946,088 or 23.05% of total revenues of \$60,507,835.
- The School District had \$62,951,847 in expenses related to governmental activities; \$13,946,088 of these expenses were offset by program specific charges for services and sales, operating grants and contributions and capital grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were not adequate to provide for these programs.
- The general fund had \$49,079,588 in revenues and other financing sources and \$48,329,645 in expenditures. The general fund's fund balance increased \$749,943 from \$14,296,267 to \$15,046,210.
- The building fund had \$85,831,155 in revenues and other financing sources and \$1,920,275 in expenditures. The building fund's fund balance increased to a balance of \$83,910,880.

Using these Basic Financial Statements

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

These two statements report the School District's *net position* and changes in that net position. This change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the School District's programs and services, including instruction, support services, operation and maintenance of facilities, pupil transportation, extracurricular activities, and food service operations.

The School District's statement of net position and statement of activities can be found on pages 17-18 of this report.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major governmental funds begins on page 12. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and building fund.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-23 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 25-66 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School District's net pension liability and net OPEB liability/asset. The required supplementary information can be found on pages 68-83 of this report.

The School District as a Whole

The statement of net position provides the perspective of the School District as a whole.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The table below provides a summary of the School District's net position at June 30, 2021 and June 30, 2020.

	Net Position	
	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
<u>Assets</u>		
Current and other assets	\$ 140,409,318	\$ 47,289,745
Net OPEB asset	3,691,598	3,417,817
Capital assets, net	<u>37,197,373</u>	<u>35,695,559</u>
Total assets	<u>181,298,289</u>	<u>86,403,121</u>
<u>Deferred Outflows of Resources</u>		
Pension	12,031,480	11,214,167
OPEB	<u>2,022,585</u>	<u>1,258,330</u>
Total deferred outflows of resources	<u>14,054,065</u>	<u>12,472,497</u>
<u>Liabilities</u>		
Current liabilities	8,006,054	6,060,383
Long-term liabilities:		
Due within one year	4,778,675	1,191,173
Due in more than one year:		
Net pension liability	65,436,371	58,341,954
Net OPEB liability	4,998,177	5,471,549
Other amounts	<u>98,343,615</u>	<u>10,470,491</u>
Total liabilities	<u>181,562,892</u>	<u>81,535,550</u>
<u>Deferred Inflows of Resources</u>		
Property taxes levied for next year	25,744,401	24,943,527
Pension	1,099,823	4,141,814
OPEB	<u>7,235,359</u>	<u>6,100,836</u>
Total deferred inflows of resources	<u>34,079,583</u>	<u>35,186,177</u>
<u>Net Position</u>		
Net investment in capital assets	27,150,621	29,062,559
Restricted	630,788	1,171,982
Unrestricted	<u>(48,071,530)</u>	<u>(48,080,650)</u>
Total net position	<u>\$ (20,290,121)</u>	<u>\$ (17,846,109)</u>

The net pension liability (NPL) is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and the net OPEB liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and net OPEB asset.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability/asset*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability/asset to equal the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the School District's liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by \$20,290,121.

Assets of the School District increased \$94,895,168 or 109.83%. The most significant increase was in equity in pooled cash and cash equivalents. This increased due primarily to the issuance of \$85.7 million in bonds and certificates of participation (COPs) to fund various building projects for the School District. A majority of this debt has been unspent at year-end.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

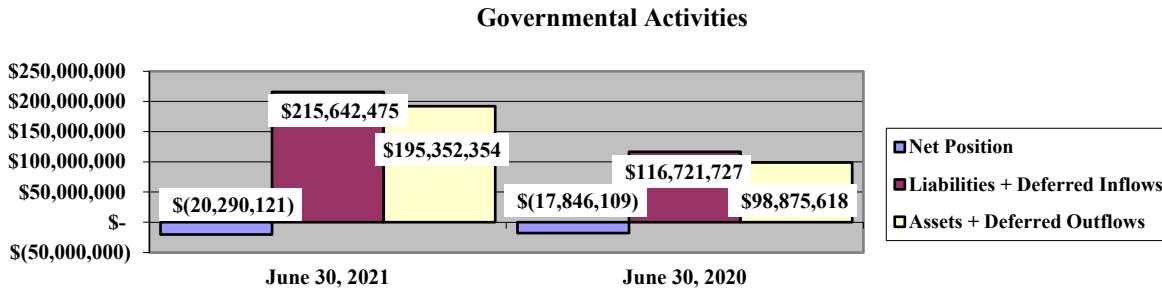
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

At year-end, capital assets represented 19.04% of total assets and deferred outflows of resources. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2021, was \$27,150,621. These capital assets are used to provide services to the students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

Liabilities of the School District increased \$100,027,342 or 122.68%. Long-term liabilities increased due to the issuance of the previously mentioned debt. Net pension liability increased as a result of experience at the pension system level that increased the proportionate share allocated to the School District.

A portion of the School District's net position, \$630,788, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$48,071,530.

The graph below shows the School District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2021 and June 30, 2020.



The table below shows the change in net position for fiscal years 2021 and 2020.

Change in Net Position

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
Revenues		
Program revenues:		
Charges for services and sales	\$ 3,607,958	\$ 4,461,066
Operating grants and contributions	10,295,662	7,255,651
Capital grants and contributions	42,468	255,336
General revenues:		
Property taxes	24,641,193	20,995,917
Payment in lieu of taxes	62,965	69,424
Grants and entitlements	21,271,128	20,615,897
Investment earnings	175,767	567,024
Miscellaneous	410,694	218,566
Total revenues	<u>60,507,835</u>	<u>54,438,881</u>

(Continued)

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

Change in Net Position (Continued)

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 24,970,842	\$ 24,331,009
Special	7,759,008	8,168,539
Vocational	2,949,571	3,221,410
Adult/continuing	-	41
Other	93,515	125,985
Support services:		
Pupil	5,076,592	5,051,271
Instructional staff	1,327,035	1,371,923
Board of education	176,076	191,870
Administration	4,001,874	3,933,667
Fiscal	946,755	838,374
Business	264,714	256,354
Operations and maintenance	4,082,125	4,130,112
Pupil transportation	2,877,047	2,881,976
Central	1,212,015	1,296,442
Operations of non-instructional services:		
Food service operations	2,470,004	2,244,949
Other non-instructional services	149,790	193,561
Extracurricular activities	1,528,229	1,692,341
Interest and fiscal charges	<u>3,066,655</u>	<u>337,337</u>
Total expenses	<u>62,951,847</u>	<u>60,267,161</u>
Change in net position	(2,444,012)	(5,828,280)
Net position at beginning of year	<u>(17,846,109)</u>	<u>(12,017,829)</u>
Net position at end of year	<u>\$ (20,290,121)</u>	<u>\$ (17,846,109)</u>

Governmental Activities

Net position of the School District's governmental activities decreased \$2,444,012. Total governmental expenses of \$62,951,847 were offset by program revenues of \$13,946,088 and general revenues of \$46,561,747. Program revenues supported 22.15% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements from the State. These revenue sources account for 75.98% of total governmental revenue. The most significant increases were in the areas of property taxes and operating grants and contributions. Property taxes increased due to the passage of a bond levy and permanent improvement levy that began collections in fiscal year 2021. Operating grants and contributions increased due to federal money received for the Elementary and Secondary School Emergency Relief (ESSER) grant and the Coronavirus Relief (CR) grant.

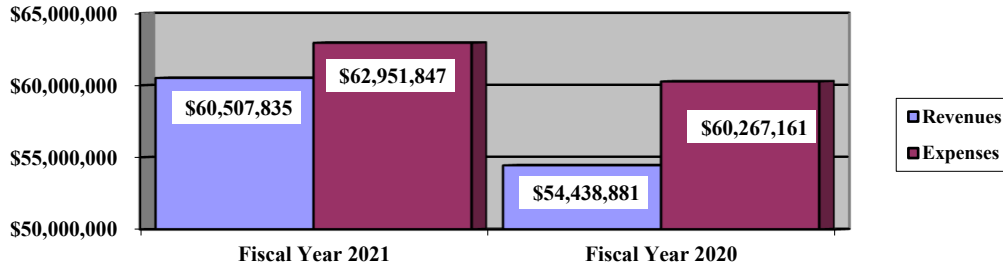
Overall, expenses of the governmental activities increased \$2,684,686 or 4.45%. This increase is primarily the result of an increase in interest and fiscal charges due to debt issuance costs and interest payments on the net debt.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The graph below presents the School District's governmental activities revenue and expenses for fiscal years 2021 and 2020.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

Governmental Activities

	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>
Program expenses				
Instruction:				
Regular	\$ 24,970,842	\$ 20,449,206	\$ 24,331,009	\$ 21,429,395
Special	7,759,008	3,837,419	8,168,539	4,199,823
Vocational	2,949,571	2,137,863	3,221,410	2,333,020
Adult/continuing	-	-	41	(964)
Other	93,515	93,515	125,985	125,985
Support services:				
Pupil	5,076,592	3,964,988	5,051,271	4,203,441
Instructional staff	1,327,035	1,154,203	1,371,923	1,199,647
Board of education	176,076	176,076	191,870	191,870
Administration	4,001,874	3,975,666	3,933,667	3,905,957
Fiscal	946,755	880,575	838,374	831,285
Business	264,714	264,714	256,354	256,354
Operations and maintenance	4,082,125	3,835,413	4,130,112	4,100,554
Pupil transportation	2,877,047	2,706,864	2,881,976	2,524,808
Central	1,212,015	1,211,873	1,296,442	1,285,646
Operations of non-instructional services:				
Food service operations	2,470,004	245,657	2,244,949	343,950
Other non-instructional services	149,790	(5,411)	193,561	28,915
Extracurricular activities	1,528,229	1,274,483	1,692,341	1,262,476
Interest and fiscal charges	3,066,655	2,802,658	337,337	72,946
Total	<u>\$ 62,951,847</u>	<u>\$ 49,005,762</u>	<u>\$ 60,267,161</u>	<u>\$ 48,295,108</u>

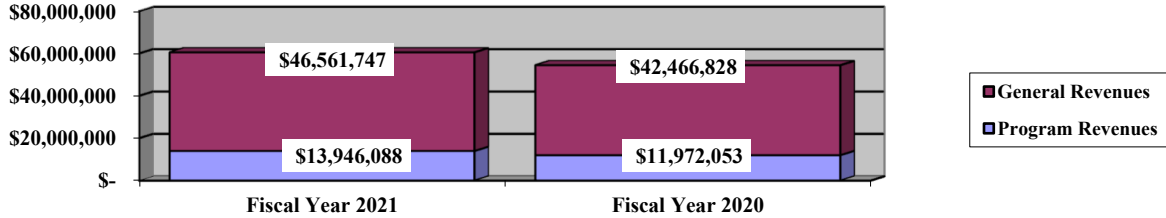
The dependence upon tax and other general revenues for governmental activities is apparent as 74.13% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 77.85%. The School District's taxpayers and unrestricted grants and entitlements are the primary support for School District's students.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The graph below presents the School District's governmental activities revenue for fiscal years 2021 and 2020.

Governmental Activities - General and Program Revenues



The School District's Funds

The School District's governmental funds reported a combined fund balance of \$105,410,788, which is higher than last year's total of \$15,053,918. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2021 and 2020.

	Fund Balance <u>June 30, 2021</u>	Fund Balance <u>June 30, 2020</u>	<u>Change</u>	Percentage <u>Change</u>
General	\$ 15,046,210	\$ 14,296,267	\$ 749,943	5.25 %
Building	83,910,880	-	83,910,880	100.00 %
Other Governmental	<u>6,453,698</u>	<u>757,651</u>	<u>5,696,047</u>	751.80 %
Total	<u>\$ 105,410,788</u>	<u>\$ 15,053,918</u>	<u>\$ 90,356,870</u>	600.22 %

General Fund

During fiscal year 2021, the School District's general fund balance increased \$749,943.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The table that follows assists in illustrating the financial activities of the general fund.

	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 21,048,289	\$ 20,525,897	\$ 522,392	2.55 %
Tuition	2,994,713	3,178,546	(183,833)	(5.78) %
Earnings on investments	59,492	576,436	(516,944)	(89.68) %
Intergovernmental	23,589,907	22,992,040	597,867	2.60 %
Other revenues	<u>602,526</u>	<u>672,030</u>	<u>(69,504)</u>	(10.34) %
Total	<u>\$ 48,294,927</u>	<u>\$ 47,944,949</u>	<u>\$ 349,978</u>	0.73 %
<u>Expenditures</u>				
Instruction	\$ 29,101,001	\$ 31,288,347	\$ (2,187,346)	(6.99) %
Support services	16,789,865	17,238,943	(449,078)	(2.61) %
Non-instructional services	54,783	106,003	(51,220)	(48.32) %
Extracurricular activities	1,126,991	1,205,063	(78,072)	(6.48) %
Facilities acquisition and construction and capital outlay	849,228	341,597	507,631	148.61 %
Debt service	<u>407,777</u>	<u>292,953</u>	<u>114,824</u>	39.20 %
Total	<u>\$ 48,329,645</u>	<u>\$ 50,472,906</u>	<u>\$ (2,143,261)</u>	(4.25) %

Overall revenues of the general fund increased \$349,978 or 0.73%. Property taxes increased \$522,392. This increase was the result of an increase in assessed values in the School District which led to higher tax collections. Intergovernmental increased \$597,867. This increase was due to an increase in state foundation revenues. The state lowered amounts in fiscal year 2020 due to the pandemic but brought them back to previously established levels in fiscal year 2021. Earnings on investments decreased \$516,944. This was due to a decrease in interest rates earned on investments due to the pandemic.

Expenditures decreased \$2,143,261 or 4.25%. Instructional and support services decreased \$2,187,346 and \$449,078, respectively, due to the movement of expenditures to special revenue funds set up for ESSER and CR grants as allowed by those grant agreements. Facilities acquisition and construction and capital outlay increased \$507,631 due the School District entered into a new copier lease agreement during the year.

General Fund Budgeting Highlights

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

During the course of fiscal year 2021, the School District did not amend its general fund revenues budget. For the general fund, original and final revenues and other financing sources of \$47,450,360. Actual revenue and other financing sources of \$48,368,942 were \$918,582 higher than the final budgeted amounts.

General fund actual expenditures plus other financing uses of \$47,650,084 were \$5,390,688 lower than original and final appropriations (appropriated expenditures plus other financing uses) of \$53,040,772. This decrease is the result of conservative budgeting practices and the School District moving expenditures from the general fund to the ESSER fund during fiscal year 2021.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

Building Fund

The building fund had \$85,831,155 in revenues and other financing sources and \$1,920,275 in expenditures. The building fund's fund balance increased to a balance of \$83,910,880. The building fund is used to account for bonds and COPs issued to be used for the School District's construction project.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the School District had \$37,197,373 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities.

The table that follows shows June 30, 2021 balances compared to June 30, 2020.

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2021	2020
Land	\$ 1,351,979	\$ 1,351,979
Construction in progress	1,891,415	-
Land improvements	1,472,766	1,569,702
Buildings and improvements	27,457,060	28,173,839
Furniture and equipment	3,004,686	2,378,121
Vehicles	2,019,467	2,221,918
Total	\$ 37,197,373	\$ 35,695,559

The overall increase of \$1,501,814 is the result of additions of \$2,971,003 and depreciation expense of \$1,469,189.

See Note 8 to the basic financial statements for detail on the School District's capital assets.

Debt Administration

At June 30, 2021 the School District had \$92,320,769 in bonds, COPs, lease purchase agreements and capital leases outstanding. Of this total, \$4,288,795 is due within one year and \$88,031,974 is due in more than one year.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The table below summarizes the long-term obligations outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
2011 HB 264 Qualified School Construction Bonds	\$ 5,185,000	\$ 5,185,000
2020 School Improvement Bonds	58,350,000	-
2020 Certificates of Participation (COPs)	27,365,000	-
2017 Lease Purchase Agreement	728,000	1,448,000
Capital leases	<u>692,769</u>	<u>-</u>
Total	<u>\$ 92,320,769</u>	<u>\$ 6,633,000</u>

At June 30, 2021, the School District's overall legal debt margin was \$7,925,905 with an unvoted debt margin of \$735,745.

See Note 13 to the basic financial statements for detail on the School District's debt administration.

Current Issues

The School District continues to receive strong support from the residents of the School District. As the preceding information shows, the School District relies heavily on its local property taxpayers. The last operating levy passed by the residents of the School District was in May, 2018; a renewal of an emergency levy. This renewal levy will generate sufficient revenues for a period of 2 years to sustain school operations but the School District was deficit spending during the past several fiscal years and anticipates an additional tax request in the next 2 year period. The receipt of roughly \$7 million in Federal funds relating to COVID has allowed the District to temporarily extend out the need for new operating dollars.

Real estate and personal property tax collections have increased due to a new levy related to debt service. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 41% of revenues for governmental activities for the School District during fiscal year 2021.

The School District has also been affected by increased delinquency rates and changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. Management has diligently planned expenses so that the last levy has stretched for the years it was planned. This has been made increasingly difficult with rising utility costs, increased special education services required for our students, and significant increases in health insurance and property/liability/fleet insurance.

Total unrestricted State revenues collected during fiscal year 2021 were \$18,969,177. This was an increase of \$528,194 from fiscal year 2020. This is mainly due to the State budget numbers being partially restored from fiscal year 2020. Revenues are anticipated to increase back to fiscal year 2019 levels in fiscal year 2022.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

In addition, the School District's systems of budgeting and internal controls are well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Jeff Bartholomew, Treasurer of Perry Local School District, 4201 13th St. S.W., Massillon, OH 44646 or jeff.bartholomew@perrylocal.org.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 108,601,924
Cash and investments with fiscal agent	250,317
Receivables:	
Property taxes	27,529,210
Accounts	20,171
Accrued interest	64,454
Intergovernmental	474,403
Prepayments	89,131
Materials and supplies inventory	96,848
Inventory held for resale	28,051
Net OPEB asset	3,691,598
Cash and investments with escrow agent	3,249,194
Accrued interest receivable - escrow agent	5,615
Capital assets:	
Nondepreciable capital assets	3,243,394
Depreciable capital assets, net	33,953,979
Capital assets, net	37,197,373
Total assets	181,298,289
Deferred outflows of resources:	
Pension	12,031,480
OPEB	2,022,585
Total deferred outflows of resources	14,054,065
Liabilities:	
Accounts payable	93,234
Contracts payable	1,517,556
Accrued wages and benefits payable	4,806,767
Compensated absences payable	173,390
Early retirement incentive payable	18,800
Intergovernmental payable	124,224
Pension and postemployment benefits payable	910,814
Accrued interest payable	361,269
Long-term liabilities:	
Due within one year	4,778,675
Due in more than one year:	
Net pension liability	65,436,371
Net OPEB liability	4,998,177
Other amounts due in more than one year	98,343,615
Total liabilities	181,562,892
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	25,744,401
Pension	1,099,823
OPEB	7,235,359
Total deferred inflows of resources	34,079,583
Net position:	
Net investment in capital assets	27,150,621
Restricted for:	
Capital projects	129,143
State funded programs	15,126
Federally funded programs	26,775
Food service operations	130,283
Extracurricular programs	303,362
Other purposes	26,099
Unrestricted (deficit)	(48,071,530)
Total net position	\$ (20,290,121)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 24,970,842	\$ 2,074,260	\$ 2,447,376	\$ -	\$ (20,449,206)
Special	7,759,008	768,893	3,152,696	-	(3,837,419)
Vocational	2,949,571	274,664	537,044	-	(2,137,863)
Other	93,515	-	-	-	(93,515)
Support services:					
Pupil	5,076,592	1,344	1,110,260	-	(3,964,988)
Instructional staff	1,327,035	9,791	163,041	-	(1,154,203)
Board of education	176,076	-	-	-	(176,076)
Administration	4,001,874	2,847	23,361	-	(3,975,666)
Fiscal	946,755	-	66,183	-	(880,572)
Business	264,714	-	-	-	(264,714)
Operations and maintenance	4,082,125	1,302	245,410	-	(3,835,413)
Pupil transportation	2,877,047	69	127,646	42,468	(2,706,864)
Central	1,212,015	142	-	-	(1,211,873)
Operation of non-instructional services:					
Food service operations	2,470,004	207,383	2,016,964	-	(245,657)
Other non-instructional services	149,790	45,284	109,917	-	5,411
Extracurricular activities	1,528,229	221,979	31,767	-	(1,274,483)
Interest and fiscal charges	3,066,655	-	263,997	-	(2,802,658)
Totals	\$ 62,951,847	\$ 3,607,958	\$ 10,295,662	\$ 42,468	(49,005,759)
General revenues:					
Property taxes levied for:					
General purposes					21,401,030
Debt service					1,632,799
Capital outlay					1,607,364
Payments in lieu of taxes					62,965
Grants and entitlements not restricted to specific programs					21,271,128
Investment earnings					175,767
Miscellaneous					410,694
Total general revenues					46,561,747
Change in net position					(2,444,012)
Net position at beginning of year					(17,846,109)
Net position at end of year					\$ (20,290,121)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Building	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 16,696,869	\$ 85,394,745	\$ 6,510,310	\$ 108,601,924
Cash and investments with fiscal agent	-	-	250,317	250,317
Receivables:				
Property taxes	22,414,698	-	5,114,512	27,529,210
Accounts	20,171	-	-	20,171
Accrued interest	20,927	43,527	-	64,454
Intergovernmental	363,319	-	111,084	474,403
Prepayments	85,249	-	3,882	89,131
Materials and supplies inventory	83,889	-	12,959	96,848
Inventory held for resale	-	-	28,051	28,051
Cash and investments with escrow agent	3,249,194	-	-	3,249,194
Accrued interest receivable - escrow agent	5,615	-	-	5,615
Total assets	\$ 42,939,931	\$ 85,438,272	\$ 12,031,115	\$ 140,409,318
Liabilities:				
Accounts payable	\$ 82,563	\$ -	\$ 10,671	\$ 93,234
Contracts payable	-	1,517,556	-	1,517,556
Accrued wages and benefits payable	4,398,226	-	408,541	4,806,767
Compensated absences payable	173,390	-	-	173,390
Early retirement incentive payable	18,800	-	-	18,800
Intergovernmental payable	118,450	-	5,774	124,224
Pension and postemployment benefits payable	827,634	-	83,180	910,814
Total liabilities	5,619,063	1,517,556	508,166	7,644,785
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	20,940,335	-	4,804,066	25,744,401
Delinquent property tax revenue not available	970,094	-	201,227	1,171,321
Intergovernmental revenue not available	21,246	-	63,958	85,204
Accrued interest not available	14,997	9,836	-	24,833
Miscellaneous revenue not available	327,986	-	-	327,986
Total deferred inflows of resources	22,274,658	9,836	5,069,251	27,353,745
Fund balances:				
Nonspendable:				
Materials and supplies inventory	83,889	-	12,959	96,848
Prepays	85,249	-	3,882	89,131
Unclaimed monies	1,552	-	-	1,552
Restricted:				
Debt service	-	-	5,243,884	5,243,884
Capital projects	-	83,910,880	-	83,910,880
Food service operations	-	-	262,249	262,249
Non-public schools	-	-	15,141	15,141
State funded programs	-	-	15,126	15,126
Federally funded programs	-	-	1,711	1,711
Extracurricular programs	-	-	303,362	303,362
Other purposes	-	-	24,547	24,547
Committed:				
Capital projects	-	-	516,723	516,723
Extracurricular programs	-	-	227,353	227,353
Debt service	3,254,809	-	-	3,254,809
Other purposes	-	-	30,009	30,009
Assigned:				
Student instruction	110,367	-	-	110,367
Student and staff support	95,914	-	-	95,914
Extracurricular programs	1,390	-	-	1,390
Facilities acquisition and construction	23,531	-	-	23,531
Other purposes	223,374	-	-	223,374
Unassigned (deficit)	11,166,135	-	(203,248)	10,962,887
Total fund balances	15,046,210	83,910,880	6,453,698	105,410,788
Total liabilities, deferred inflows and fund balances	\$ 42,939,931	\$ 85,438,272	\$ 12,031,115	\$ 140,409,318

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

Total governmental fund balances		\$	105,410,788
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			37,197,373
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds			
Property taxes receivable	\$	1,171,321	
Accounts receivable		327,986	
Accrued interest receivable		24,833	
Intergovernmental receivable		85,204	
Total		1,609,344	1,609,344
Unamortized premiums on bonds and COPs issued are not recognized in the funds.			(5,531,753)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(361,269)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		12,031,480	
Deferred inflows - pension		(1,099,823)	
Net pension liability		(65,436,371)	
Deferred outflows - OPEB		2,022,585	
Deferred inflows - OPEB		(7,235,359)	
Net OPEB asset		3,691,598	
Net OPEB liability		(4,998,177)	
Total		(61,024,067)	(61,024,067)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(63,535,000)	
Certificates of participation (COPs)		(27,365,000)	
Capital lease obligations		(692,769)	
Lease purchase agreements		(728,000)	
Compensated absences		(5,269,768)	
Total		(97,590,537)	(97,590,537)
Net position of governmental activities		\$	(20,290,121)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

	General	Building	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 21,048,289	\$ -	\$ 3,067,002	\$ 24,115,291
Intergovernmental	23,589,907	-	8,159,430	31,749,337
Investment earnings	59,492	116,155	60,759	236,406
Tuition and fees	2,994,713	-	73,303	3,068,016
Extracurricular	47,723	-	185,972	233,695
Rental income	28,060	-	9,677	37,737
Charges for services	14,207	-	207,383	221,590
Contributions and donations	35,474	-	117,689	153,163
Payment in lieu of taxes	62,965	-	-	62,965
Miscellaneous	414,097	-	2,674	416,771
Total revenues	<u>48,294,927</u>	<u>116,155</u>	<u>11,883,889</u>	<u>60,294,971</u>
Expenditures:				
Current:				
Instruction:				
Regular	20,543,284	-	2,512,023	23,055,307
Special	5,679,938	-	1,598,539	7,278,477
Vocational	2,791,928	-	2,500	2,794,428
Other	85,851	-	-	85,851
Support services:				
Pupil	3,614,313	-	1,121,778	4,736,091
Instructional staff	1,097,364	-	195,001	1,292,365
Board of education	172,688	-	-	172,688
Administration	3,652,148	-	27,357	3,679,505
Fiscal	821,876	28,860	54,096	904,832
Business	238,900	-	-	238,900
Operations and maintenance	3,534,860	-	243,098	3,777,958
Pupil transportation	2,514,568	-	42,963	2,557,531
Central	1,143,148	-	-	1,143,148
Operation of non-instructional services:				
Food service operations	-	-	2,317,351	2,317,351
Other non-instructional services	54,783	-	81,645	136,428
Extracurricular activities	1,126,991	-	396,193	1,523,184
Facilities acquisition and construction	64,667	1,891,415	10,038	1,966,120
Capital outlay	784,561	-	-	784,561
Debt service:				
Principal retirement	91,792	-	720,000	811,792
Interest and fiscal charges	315,985	-	1,547,532	1,863,517
Bond and COPs issuance costs	-	-	1,009,057	1,009,057
Total expenditures	<u>48,329,645</u>	<u>1,920,275</u>	<u>11,879,171</u>	<u>62,129,091</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(34,718)</u>	<u>(1,804,120)</u>	<u>4,718</u>	<u>(1,834,120)</u>
Other financing sources (uses):				
Premium on bonds and COPs	-	-	5,672,583	5,672,583
Issuance of bonds	-	58,350,000	-	58,350,000
Sale of capital assets	100	-	18,746	18,846
Transfers in	-	-	565,466	565,466
Transfers (out)	-	-	(565,466)	(565,466)
Capital lease transaction	784,561	-	-	784,561
Issuance of certificates of participation	-	27,365,000	-	27,365,000
Total other financing sources (uses)	<u>784,661</u>	<u>85,715,000</u>	<u>5,691,329</u>	<u>92,190,990</u>
Net change in fund balances	749,943	83,910,880	5,696,047	90,356,870
Fund balances at beginning of year	<u>14,296,267</u>	<u>-</u>	<u>757,651</u>	<u>15,053,918</u>
Fund balances at end of year	<u>\$ 15,046,210</u>	<u>\$ 83,910,880</u>	<u>\$ 6,453,698</u>	<u>\$ 105,410,788</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

Net change in fund balances - total governmental funds	\$	90,356,870
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 2,971,003	
Current year depreciation	<u>(1,469,189)</u>	
Total		1,501,814
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	525,902	
Tuition	46,920	
Earnings on investments	120	
Other local revenue	138,205	
Intergovernmental	<u>(360,078)</u>	
Total		351,069
Repayment of bond, COPs and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
Lease purchase agreements	720,000	
Capital leases	<u>91,792</u>	
Total		811,792
Issuance of bonds, COPs and capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
Bonds	(58,350,000)	
Certificates of participation (COPs)	(27,365,000)	
Capital leases	<u>(784,561)</u>	
Total		(86,499,561)
Premiums on bonds and COPs are amortized over the life of the issuance in the statement of activities.		
		(5,672,583)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Change in accrued interest payable	(334,911)	
Amortization of bond premiums	<u>140,830</u>	
Total		(194,081)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension		4,700,646
OPEB		150,635
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension		(7,935,759)
OPEB		226,250
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(241,104)</u>
Change in net position of governmental activities	\$	<u>(2,444,012)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 20,295,629	\$ 20,905,000	\$ 21,056,330	\$ 151,330
Intergovernmental	23,273,181	22,873,535	23,718,247	844,712
Investment earnings	314,281	303,500	167,425	(136,075)
Tuition and fees	3,265,259	3,093,250	2,928,795	(164,455)
Rental income	5,178	5,000	1,250	(3,750)
Charges for services	-	-	2,728	2,728
Contributions and donations	1,036	1,000	-	(1,000)
Payment in lieu of taxes	62,965	62,965	62,965	-
Miscellaneous	191,256	164,535	404,658	240,123
Total revenues	<u>47,408,785</u>	<u>47,408,785</u>	<u>48,342,398</u>	<u>933,613</u>
Expenditures:				
Current:				
Instruction:				
Regular	23,693,745	23,109,190	20,456,409	2,652,781
Special	6,634,953	6,501,502	5,738,754	762,748
Vocational	3,175,898	3,083,256	2,813,554	269,702
Other	135,499	130,625	84,767	45,858
Support services:				
Pupil	3,930,604	3,985,899	3,655,711	330,188
Instructional staff	1,131,618	1,104,014	1,066,141	37,873
Board of education	290,705	305,122	171,612	133,510
Administration	3,769,279	3,843,168	3,673,818	169,350
Fiscal	819,572	817,907	820,330	(2,423)
Business	245,741	238,444	239,013	(569)
Operations and maintenance	3,965,753	4,324,504	3,646,849	677,655
Pupil transportation	2,540,043	2,599,616	2,265,967	333,649
Central	1,278,417	1,249,013	1,196,596	52,417
Extracurricular activities	581,413	896,148	1,112,413	(216,265)
Facilities acquisition and construction	153,984	149,411	88,197	61,214
Debt service:				
Principal	391,629	380,000	327,000	53,000
Interest and fiscal charges	301,919	292,953	292,953	-
Total expenditures	<u>53,040,772</u>	<u>53,010,772</u>	<u>47,650,084</u>	<u>5,360,688</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,631,987)</u>	<u>(5,601,987)</u>	<u>692,314</u>	<u>6,294,301</u>
Other financing sources (uses):				
Refund of prior year's expenditures	5,000	5,000	24,868	19,868
Advances in	31,575	31,575	1,576	(29,999)
Advances (out)	-	(30,000)	-	30,000
Sale of capital assets	5,000	5,000	100	(4,900)
Total other financing sources (uses)	<u>41,575</u>	<u>11,575</u>	<u>26,544</u>	<u>14,969</u>
Net change in fund balance	(5,590,412)	(5,590,412)	718,858	6,309,270
Fund balance at beginning of year	15,104,809	15,104,809	15,104,809	-
Prior year encumbrances appropriated	341,638	341,638	341,638	-
Fund balance at end of year	<u>\$ 9,856,035</u>	<u>\$ 9,856,035</u>	<u>\$ 16,165,305</u>	<u>\$ 6,309,270</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Perry Local School District (the “School District”) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a school district as defined by Section 3311.02 of the Ohio Revised Code. The School District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the School District. Average daily membership on, or as of October 1, 2020, was 4,324. The School District employs 340 certified and 279 noncertified employees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The 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, agencies and offices that are not legally separate from the School District. For the 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 provides 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 does not have any component units.

Included with the reporting entity, within the School District’s boundaries, St. Joan of Arc Elementary and Central Catholic High School are operated as non-public schools. Current legislation provides funding to these non-public schools. These monies are received and disbursed through the auxiliary special revenue fund on behalf of the non-public schools by the Treasurer of the School District, as directed by the non-public schools. These transactions are reported as a governmental activity of the School District.

The School District participates in one jointly governed organization and two public entity risk pools. These organizations are the Stark Portage Area Computer Consortium (SPARCC), Stark County Schools Council of Governments Health Benefits Program, and CompManagement Workers’ Compensation Group Rating Program. They are presented in Notes 14 and 15.

The School District’s financial statements have been prepared in conformity with accounting principles generally accepted (GAAP) in the United States 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.

B. Basis of Presentation

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

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Government-Wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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, 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, with certain limited exceptions. 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 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 fund type.

C. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Building Fund - The building fund is used to account for the receipts and expenditures related to all special bond funds in the School District. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The other governmental funds of the School District account for (a) grants and other resources whose use is restricted, committed, or assigned to a particular purpose, (b) financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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 have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District did not have any custodial funds at June 30, 2021.

D. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in 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 and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

E. Basis of Accounting

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

Revenues - Exchange and Non-Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. 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 the fiscal year end.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Nonexchange 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 the taxes are levied (See Note 6). Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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, grants, interest, tuition, student fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, see Notes 11 and 12 for deferred outflows of resources related the School District's net pension liability and net OPEB liability/asset, respectively.

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

For the School District, see Notes 11 and 12 for deferred inflows of resources related to the School District's net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

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

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Budgetary Process

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and 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. Budgetary modifications at this level require a resolution of the Board of Education. Although the legal level of control was established at the fund level of expenditures, the School District has elected to present budgetary statement comparisons at the fund and function level of expenditures. The Treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

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

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

G. Cash and Investments

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District records. 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 commercial paper, Federal Agricultural Mortgage Corporation (FAMC) securities, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, U.S. Treasury notes, U.S. Government money market account and State Treasury Asset Reserve of Ohio (STAR Ohio), the State Treasurer's Investment Pool.

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

During fiscal year 2021, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures its 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.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

For the fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$59,492 of which approximately \$8,442 was attributable to other funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as “equity in pooled cash and cash equivalents”. Investments with an original maturity of more than three months that are not purchased from the pool are presented on the basic financial statements as “investments”.

H. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is nonspendable on the fund financial statements by an amount equal to the carrying value of the asset.

I. Inventory

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food. The donated commodities are presented at their entitlement values.

J. Capital Assets

All capital assets of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. 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. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	20-75 Years
Buildings and Improvements	7-75 Years
Furniture and Equipment	5-30 Years
Vehicles	12-15 Years

K. 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 sick leave and vacation leave benefits when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

On the governmental fund statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employee will be paid.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources that are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds that are reported as a liability in the fund financial statements only to the extent that they normally expected to be repaid with expendable available financial resources. Bonds are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

M. Bond Issuance Costs/Unamortized Bond Premiums

On government-wide and fund financial statements, bond issuance costs are expensed in the year they occur.

Bond and certificate of participation (COPs) premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 13.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Net Position

Net position represents the difference between all other elements of the statement of net position. 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 through external restrictions imposed by creditors, grantors or laws or regulations of other governments

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

O. 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 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 legally required to be maintained intact. The “not in spendable form” criterion includes items that are not to be converted to cash. It also includes the long-term amount of loans receivable.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education; the highest level of decision making authority. 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 it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund balance 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 nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

The School District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. Interfund Activity

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated. Receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables on the fund financial statements.

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

Q. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans and unpaid amounts for interfund services provided and used are classified as “interfund loans receivables/payables.” On fund financial statements, receivables and payables resulting from negative cash balances are classified as “due to/due from other funds”. These amounts are eliminated in the governmental activities columns of the statement of net position.

R. Estimates

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

S. Pensions/Other Postemployment Benefits (OPEB)

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

T. Fair Value

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.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2021, the School District has applied GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance.*" GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended June 30, 2021. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed until the fiscal year ended June 30, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

B. Deficit Fund Balances

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

<u>Nonmajor funds</u>	<u>Deficit</u>
Title VI-B	\$ 159,799
Title I	34,513
IDEA Preschool	3,507
Title II-A	5,429

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - 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 deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation 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 that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash and Investments with Escrow Agent

At June 30, 2021, the School District had \$3,249,194 in cash and investments in an escrow account held for future repayment of the 2011 HB 264 Qualified School Construction Bonds. The School District makes annual sinking fund deposits into the account. The amount is comprised of cash of \$1,463,856 and negotiable certificates of deposit of \$1,785,338. The investments in negotiable certificates of deposit are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs). These amounts are not included in “deposits with financial institutions” below.

B. Cash and Investments with Fiscal Agent

At June 30, 2021, the School District had \$250,317 in cash and investments with the Stark County Foundation for stadium maintenance and scholarships. These amounts are not included in “deposits with financial institutions” below.

C. Deposits with Financial Institutions

At June 30, 2021, the carrying amount of all School District deposits was \$2,628,218 and the bank balance of all School District deposits was \$2,690,967. Of the bank balance, \$250,000 was covered by the FDIC and \$2,440,967 was covered by the Ohio Pooled Collateral System.

Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

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

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	Investment Maturities				
		6 months or <u>less</u>	7 to 12 <u>months</u>	13 to 18 <u>months</u>	19 to 24 <u>months</u>	Greater than <u>24 months</u>
<i>Fair Value:</i>						
Commercial paper	\$ 21,341,926	\$ 12,774,014	\$ 8,567,912	\$ -	\$ -	\$ -
FAMC	250,400	-	-	-	-	250,400
FFCB	21,129,409	476,677	5,505,575	12,503,880	811,182	1,832,095
FHLB	12,160,248	2,000,395	-	-	8,589,620	1,570,233
FHLMC	26,084,482	-	-	14,574,897	9,494,375	2,015,210
FNMA	9,265,897	751,622	506,835	507,365	4,000,040	3,500,035
U.S. Treasury note	8,977,707	-	-	7,000,420	-	1,977,287
U.S. Government money market	47,234	47,234	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	6,716,403	6,716,403	-	-	-	-
Total	<u>\$ 105,973,706</u>	<u>\$ 22,766,345</u>	<u>\$ 14,580,322</u>	<u>\$ 34,586,562</u>	<u>\$ 22,895,217</u>	<u>\$ 11,145,260</u>

The School District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The School District's investments in federal agency securities (FAMC, FFCB, FHLB, FHLMC, FNMA), U.S. Treasury notes and commercial paper and are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

The weighted average of maturity of investments is 1.19 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the School District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The School District's investments in commercial paper were rated A-1 by Standard & Poor's. The School District's investments in federal agency securities and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned the U.S. Government money market and STAR Ohio an AAAM money market rating. Ohio Law requires that STAR Ohio and the U.S. Government money market maintain the highest rating provided by at least one nationally recognized standard rating service. The School District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Custodial Credit Risk: For an investment, 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. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the School District's name. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Fair Value:</i>		
Commercial paper	\$ 21,341,926	20.14
FAMC	250,400	0.24
FFCB	21,129,409	19.94
FHLB	12,160,248	11.47
FHLMC	26,084,482	24.62
FNMA	9,265,897	8.74
U.S. Treasury notes	8,977,707	8.47
U.S. Government money market	47,234	0.04
<i>Amortized Cost:</i>		
STAR Ohio	<u>6,716,403</u>	<u>6.34</u>
Total	<u>\$ 105,973,706</u>	<u>100.00</u>

E. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2021:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,628,218
Investments	105,973,706
Cash and investments with escrow agent	3,249,194
Cash and investments with fiscal agent	<u>250,317</u>
Total	<u>\$ 112,101,435</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 112,101,435</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2021, consisted of the following, as reported on the fund financial statements:

<u>Transfers from a nonmajor governmental fund to:</u>	<u>Amount</u>
Nonmajor governmental fund	<u>\$ 565,466</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The transfer of \$565,466 from the permanent improvement fund (a nonmajor governmental fund) to the debt service fund (a nonmajor governmental fund) was for debt service payments on the certificates of participation (COPs).

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

All transfers made during fiscal year 2021 were made in accordance with Ohio Revised Code Sections 5704.14, 5705.15 and 5705.16.

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 tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed values as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Public utility real and personal property taxes received in calendar year 2021 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Stark 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 as an advance at June 30, 2021 was \$504,269 in the general fund, \$61,796 in the debt service fund (a nonmajor governmental fund) and \$47,423 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2020 was \$512,307 in the general fund and \$24,166 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2021 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 6 - PROPERTY TAXES - (Continued)

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

	2020 Second Half Collections		2021 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 668,190,370	93.89	\$ 686,900,960	93.36
Public utility personal	<u>43,473,590</u>	<u>6.11</u>	<u>48,843,720</u>	<u>6.64</u>
Total	<u>\$ 711,663,960</u>	<u>100.00</u>	<u>\$ 735,744,680</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General operations	\$45.50		\$45.30	
Debt service	-		3.90	
Permanent improvement	1.50		3.00	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2021, consisted of property taxes, accounts, accrued interest 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 the State programs, and the current fiscal year guarantee of Federal funds.

Governmental activities:

Property taxes	\$ 27,529,210
Accounts	20,171
Accrued interest	64,454
Intergovernmental	474,403
Accrued interest - escrow agent	<u>5,615</u>
Total	<u>\$ 28,093,853</u>

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8 - CAPITAL ASSETS

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

	Balance <u>June 30, 2020</u>	Additions	Disposals	Balance <u>June 30, 2021</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,351,979	\$ -	\$ -	\$ 1,351,979
Construction in progress	<u>-</u>	<u>1,891,415</u>	<u>-</u>	<u>1,891,415</u>
Total capital assets, not being depreciated	<u>1,351,979</u>	<u>1,891,415</u>	<u>-</u>	<u>3,243,394</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	3,104,167	36,175	-	3,140,342
Buildings and improvements	46,757,694	5,152	-	46,762,846
Furniture and equipment	4,397,936	954,646	-	5,352,582
Vehicles	<u>5,071,320</u>	<u>83,615</u>	<u>(378,292)</u>	<u>4,776,643</u>
Total capital assets, being depreciated	<u>59,331,117</u>	<u>1,079,588</u>	<u>(378,292)</u>	<u>60,032,413</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,534,465)	(133,111)	-	(1,667,576)
Buildings and improvements	(18,583,855)	(721,931)	-	(19,305,786)
Furniture and equipment	(2,019,815)	(328,081)	-	(2,347,896)
Vehicles	<u>(2,849,402)</u>	<u>(286,066)</u>	<u>378,292</u>	<u>(2,757,176)</u>
Total accumulated depreciation	<u>(24,987,537)</u>	<u>(1,469,189)</u>	<u>378,292</u>	<u>(26,078,434)</u>
Governmental activities capital assets, net	<u>\$ 35,695,559</u>	<u>\$ 1,501,814</u>	<u>\$ -</u>	<u>\$ 37,197,373</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 404,068
Special	120,522
Vocational	59,703
Other	1,402

Support services:

Pupil	77,330
Instructional staff	21,101
Board of education	2,819
Administration	60,077
Fiscal	14,774
Business	3,901
Operations and maintenance	187,532
Pupil transportation	304,785
Central	41,353

Operation of non-instructional services:

Other non-instructional services	17,200
Food service operations	69,226
Extracurricular activities	<u>83,396</u>
Total depreciation expense	<u>\$ 1,469,189</u>

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 9 - RISK MANAGEMENT

A. General Insurance

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. The School District has a comprehensive property and casualty policy with a deductible of \$5,000 and \$500 per incident on property and equipment, respectfully, with a 100 percent blanket, all risk policy for property coverage. The School District's vehicle insurance policy limit is \$1,000,000 single occurrence limited liability. All board members, administrators, and employees are covered under a school district liability policy. Additionally, the School District carries a \$10,000,000 blanket umbrella policy. The limits of this coverage are \$10,000,000 per occurrence and \$10,000,000 in aggregate, with no deductible. Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

The Treasurer is covered under a surety bond in the amount of \$50,000.

B. Workers' Compensation

The School District participates in the CompManagement Workers Compensation Group Rating Plan ("the Plan"), an insurance purchasing pool (Note 15.B). The intent of the Plan 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 group. The worker's 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 group. Each participant pays its worker's compensation premium to the State Bureau of Workers' Compensation based on the rate for the group rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the group. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the group. Participation in the Plan is limited to school districts that can meet the Plan selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the group.

C. Employee Health Benefits

The School District participates in the Stark County Schools Council of Governments Health Benefits Program ("the Council"), a shared risk pool (Note 15.A) to provide employee medical/surgical benefits. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Assembly is the legislative decision-making body of the Council. The Assembly is comprised of the superintendents or executive officers of the members, who have been appointed by the respective governing body of each member.

The intent of the insurance pool is to achieve a reduced, stable and competitive rate for the School District by grouping with other members of the Health Benefits Program. The experience of all participating districts is calculated as one and a common premium rate is applied to all member districts.

Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. The employees share the cost of the monthly premium with the Board. For fiscal year 2021, the School District's monthly medical premium for family coverage was \$1,931.36 and \$795.04 for single coverage and \$230.56 and \$93.46 for dental, respectively. Full-time employees pay twenty percent of the premium while part-time employees pay fifty percent of the premium.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 9 - RISK MANAGEMENT - (Continued)

Claims are paid for all participants regardless of claims flow. Upon termination, all School District claims would be paid without regard to the School District's account balance. The Stark County Schools Council of Government Board of Directors has the right to return monies to an exiting school district subsequent to the settlement of all expenses and claims.

NOTE 10 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation, sick leave benefits and early retirement incentive are derived from negotiated agreements and State laws. Classified employees earn 5 - 25 days of vacation per year, depending upon length of service and hours worked. Teachers do not earn vacation time. Administrators employed to work 260 days per year can earn 15 - 25 days of vacation annually. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment.

Teachers, administrators, and classified employees earn sick leave at the rate of 1-1/4 days per month. Sick leave may be accumulated to a maximum of 340 days. Upon retirement, employees receive payment for 30 percent of the total sick leave accumulation, not to exceed 78 days for certificated personnel and 85 days for classified personnel in fiscal year 2021.

B. Life Insurance

The School District provided life insurance and accidental death and dismemberment insurance to all employees through the Stark County Schools Council of Governments Health Benefits Program. Coverage ranges from \$35,000 to \$65,000 depending on the daily hours worked by the employee.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

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

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

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the start of a COLA for future retirees. For 2021, the COLA was 0.5%.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% 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% for plan members and 14% 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%.

The School District's contractually required contribution to SERS was \$1,064,375 for fiscal year 2021. Of this amount, \$111,393 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, 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 (CO) 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 will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. 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.

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% 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% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment 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.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, 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. 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. For fiscal year 2021, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$3,636,271 for fiscal year 2021. Of this amount, \$647,040 is reported as pension and postemployment benefits 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 projected contributions of all participating entities.

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.21237330%	0.20636006%	
Proportion of the net pension liability current measurement date	<u>0.22092050%</u>	<u>0.21004834%</u>	
Change in proportionate share	<u>0.00854720%</u>	<u>0.00368828%</u>	
Proportionate share of the net pension liability	\$ 14,612,147	\$ 50,824,224	\$ 65,436,371
Pension expense	\$ 1,640,173	\$ 6,295,586	\$ 7,935,759

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 28,384	\$ 114,041	\$ 142,425
Net difference between projected and actual earnings on pension plan investments	927,577	2,471,587	3,399,164
Changes of assumptions	-	2,728,280	2,728,280
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	331,021	729,944	1,060,965
Contributions subsequent to the measurement date	<u>1,064,375</u>	<u>3,636,271</u>	<u>4,700,646</u>
Total deferred outflows of resources	<u>\$ 2,351,357</u>	<u>\$ 9,680,123</u>	<u>\$ 12,031,480</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 324,988	\$ 324,988
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>133,335</u>	<u>641,500</u>	<u>774,835</u>
Total deferred inflows of resources	<u>\$ 133,335</u>	<u>\$ 966,488</u>	<u>\$ 1,099,823</u>

\$4,700,646 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ 73,864	\$ 1,500,822	\$ 1,574,686
2023	402,737	902,253	1,304,990
2024	386,633	1,413,411	1,800,044
2025	<u>290,413</u>	<u>1,260,878</u>	<u>1,551,291</u>
Total	<u>\$ 1,153,647</u>	<u>\$ 5,077,364</u>	<u>\$ 6,231,011</u>

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investment expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2020, the 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% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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 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 a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Equity	22.50	5.75
International Equity	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%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50%). 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%, 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%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 20,016,858	\$ 14,612,147	\$ 10,077,493

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:

	July 1, 2020
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

For the July 1, 2020, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, 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% of rates for males and 100% of rates for females, 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.

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

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

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% 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% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes 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. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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% 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%, 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%) or one-percentage-point higher (8.45%) than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 72,364,847	\$ 50,824,224	\$ 32,570,341

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 11 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS 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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment 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% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$150,635.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$150,635 for fiscal year 2021. Of this amount, \$150,635 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities/Assets, 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/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability/asset was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.21757480%	0.20636006%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.22997810%</u>	<u>0.21004834%</u>	
Change in proportionate share	<u>0.01240330%</u>	<u>0.00368828%</u>	
Proportionate share of the net OPEB liability	\$ 4,998,177	\$ -	\$ 4,998,177
Proportionate share of the net OPEB asset	\$ -	\$ (3,691,598)	\$ (3,691,598)
OPEB expense	\$ 13,063	\$ (239,313)	\$ (226,250)

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>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 65,645	\$ 236,543	\$ 302,188
Net difference between projected and actual earnings on OPEB plan investments	56,318	129,380	185,698
Changes of assumptions	852,016	60,937	912,953
Difference between employer contributions and proportionate share of contributions/change in proportionate share	401,378	69,733	471,111
Contributions subsequent to the measurement date	<u>150,635</u>	<u>-</u>	<u>150,635</u>
Total deferred outflows of resources	<u>\$ 1,525,992</u>	<u>\$ 496,593</u>	<u>\$ 2,022,585</u>

**PERRY LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 2,541,922	\$ 735,314	\$ 3,277,236
Changes of assumptions	125,891	3,506,398	3,632,289
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>208,955</u>	<u>116,879</u>	<u>325,834</u>
Total deferred inflows of resources	<u>\$ 2,876,768</u>	<u>\$ 4,358,591</u>	<u>\$ 7,235,359</u>

\$150,635 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/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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (301,616)	\$ (973,084)	\$ (1,274,700)
2023	(297,543)	(885,514)	(1,183,057)
2024	(298,207)	(854,791)	(1,152,998)
2025	(313,080)	(801,039)	(1,114,119)
2026	(226,202)	(170,039)	(396,241)
Thereafter	<u>(64,763)</u>	<u>(177,531)</u>	<u>(242,294)</u>
Total	<u>\$ (1,501,411)</u>	<u>\$ (3,861,998)</u>	<u>\$ (5,363,409)</u>

Actuarial Assumptions - SERS

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

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

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

**PERRY LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.45%
Prior measurement date	3.13%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	2.63%
Prior measurement date	3.22%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

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

**PERRY LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22%. 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% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% 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%, 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. A municipal bond rate of 3.13% was used as of June 30, 2019. 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, 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 (7.00% decreasing to 4.75%).

	1% Decrease	Current Discount Rate	1% Increase
	School District's proportionate share of the net OPEB liability	\$ 6,117,644	\$ 4,998,177

	1% Decrease	Current Trend Rate	1% Increase
	School District's proportionate share of the net OPEB liability	\$ 3,935,684	\$ 4,998,177

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation, compared with July 1, 2019, are presented below:

	July 1, 2020		July 1, 2019	
	Initial	Ultimate	Initial	Ultimate
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
Medical				
Pre-Medicare	5.00%	4.00%	5.87%	4.00%
Medicare	-6.69%	4.00%	4.93%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	7.73%	4.00%
Medicare	11.87%	4.00%	9.62%	4.00%

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% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% 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% of rates for males and 100% 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.

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2019.

Benefit Term Changes Since the Prior Measurement Date - There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset 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%, 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%) or one percentage point higher (8.45%) 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	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ 3,211,929	\$ 3,691,598	\$ 4,098,577

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ 4,073,314	\$ 3,691,598	\$ 3,226,607

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - LONG-TERM OBLIGATIONS

During the fiscal year 2021, the following activity occurred in governmental activities long-term obligations.

	Balance			Balance	Amount
	<u>June 30, 2020</u>	<u>Increase</u>	<u>Decrease</u>	<u>June 30, 2021</u>	<u>Due in</u>
					<u>One Year</u>
Compensated absences	\$ 5,028,664	\$ 685,816	\$ (444,712)	\$ 5,269,768	\$ 489,880
General obligation bonds:					
2011 HB 264					
Qualified school construction					
bonds	5,185,000	-	-	5,185,000	-
2020 school improvement					
bonds	-	58,350,000	-	58,350,000	2,520,000
Total general obligation bonds	<u>5,185,000</u>	<u>58,350,000</u>	<u>-</u>	<u>63,535,000</u>	<u>2,520,000</u>
2020 certificates of participation	-	27,365,000	-	27,365,000	900,000
2017 lease purchase					
agreement - direct borrowing	1,448,000	-	(720,000)	728,000	728,000
Capital lease obligations	-	784,561	(91,792)	692,769	140,795
Net pension liability	58,341,954	7,094,417	-	65,436,371	-
Net OPEB liability	5,471,549	-	(473,372)	4,998,177	-
Total	<u>\$ 75,475,167</u>	<u>\$ 94,279,794</u>	<u>\$ (1,729,876)</u>	168,025,085	<u>\$ 4,778,675</u>
Add: unamortized premium				5,531,753	
Total on statement of net position				<u>\$ 173,556,838</u>	

Compensated absences will be primarily paid from the general, food service and auxiliary funds.

Net Pension Liability and Net OPEB Liability/Asset: See Notes 11 and 12 for details. The School District pays obligations related to employee compensation from the fund benefitting from their service.

2011 HB 264 Qualified School Construction Bonds

On February 8, 2011, the School District issued \$5,185,000 in general obligation qualified school construction bonds (“QSCB”) to finance a HB 264 project. The bonds were issued for a fifteen year period with a final maturity at December 1, 2025. The bond issue consisted of serial, term and capital appreciation bonds. The principal and interest requirements will be recorded in the general fund. The School District makes annual payments to a sinking fund to pay the principal balance when due (see Note 4.A). During fiscal year 2021, the School District made \$327,000 in sinking deposits.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the future debt service requirements to maturity of the 2011 HB 264 Qualified School Construction Bonds and a schedule of the required sinking fund deposits:

Fiscal Year Ending June 30,	Series 2011 Bonds			Annual
	Principal	Interest	Total	Sinking Fund Deposits
2022	\$ -	\$ 292,952	\$ 292,952	\$ 390,000
2023	-	292,952	292,952	395,000
2024	-	292,952	292,952	405,000
2025	-	292,952	292,952	410,000
2026	5,185,000	146,476	5,331,476	420,000
Total	<u>\$ 5,185,000</u>	<u>\$ 1,318,284</u>	<u>\$ 6,503,284</u>	<u>\$ 2,020,000</u>

Annually the School District must pay the entire interest amount and then submit a form for the return of credit payments to issuers of qualified bonds from the Internal Revenue Service. In fiscal year 2021, the School District was reimbursed \$263,997; the net annual interest cost of the bonds to the School District in fiscal year 2021 was \$28,955. Over the term of the bonded debt repayment schedule, the School District will be reimbursed \$4,140,074 of the total \$4,339,766 interest costs.

2020 School Improvement Bonds

On July 28, 2020, the School District issued school improvement bonds in the amount of \$58,350,000 for the purpose of paying the costs of constructing, furnishing, equipping, adding to, renovating, remodeling, rehabilitating, and otherwise improving school district buildings and facilities, and acquiring, clearing, equipping, and otherwise improving real estate for School District purposes. Interest rates on the current interest bonds range from 2.375-4.000% with interest payments due on May 1 and November 1 of each year until final maturity at November 1, 2055. The debt will be retired through the debt service fund (a nonmajor governmental fund). At June 30, 2021, there were \$57,312,492 in unspent bond proceeds.

Principal and interest requirements to retire the 2020 school improvement bonds outstanding at June 30, 2021 are as follows:

Fiscal Year Ending,	2020 Bonds		
	Principal	Interest	Total
2022	\$ 2,520,000	\$ 1,654,968	\$ 4,174,968
2023	2,520,000	1,604,568	4,124,568
2024	1,030,000	1,551,318	2,581,318
2025	985,000	1,530,943	2,515,943
2026	995,000	1,506,118	2,501,118
2027 - 2031	5,520,000	6,987,156	12,507,156
2032 - 2036	6,575,000	5,925,144	12,500,144
2037 - 2041	7,645,000	4,853,844	12,498,844
2042 - 2046	8,865,000	3,617,843	12,482,843
2047 - 2051	10,145,000	2,346,140	12,491,140
2052 - 2056	11,550,000	886,800	12,436,800
Total	<u>\$ 58,350,000</u>	<u>\$ 32,464,842</u>	<u>\$ 90,814,842</u>

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

2020 Certificates of Participation (COPs)

On October 1, 2020, the School District issued certificates of participation (COP) in the amount of \$27,365,000 for the purpose of funding the building of new elementary schools in the School District. Interest rates on the current interest bonds range from 2.50-4.00% with interest payments due on June 1 and December 1 of each year until final maturity at December 1, 2050. The debt will be retired through the permanent improvement fund (a nonmajor governmental fund). At June 30, 2021, there were \$26,479,081 in unspent COPs proceeds.

Principal and interest requirements to retire certificates of participation outstanding at June 30, 2021 are as follows:

<u>Fiscal Year Ending,</u>	<u>Certificates of Participation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 900,000	\$ 837,300	\$ 1,737,300
2023	695,000	805,400	1,500,400
2024	555,000	780,400	1,335,400
2025	580,000	757,700	1,337,700
2026	600,000	734,100	1,334,100
2027 - 2031	3,385,000	3,282,600	6,667,600
2032 - 2036	4,100,000	2,572,850	6,672,850
2037 - 2041	4,775,000	1,891,275	6,666,275
2042 - 2046	5,515,000	1,145,350	6,660,350
2047 -2051	<u>6,260,000</u>	<u>393,750</u>	<u>6,653,750</u>
Total	<u>\$ 27,365,000</u>	<u>\$ 13,200,725</u>	<u>\$ 40,565,725</u>

2017 Lease Purchase Agreement

On March 15, 2017, the School District entered into a lease purchase agreement with Huntington National Bank for the construction of a career and wellness center at the high school. The lease-purchase agreement is considered a direct borrowing. Direct borrowings have terms negotiated directly between the School District and the lender and are not offered for public sale. In conjunction with the lease-purchase agreement, the School District and the Bank have entered into a Ground Lease agreement whereby the School District has leased to the Bank, under a Ground Lease, the Project Site and the Bank has subleased the Project Site, and the facilities already located and/or to be constructed thereon (the "Project Facilities") back to the School District under the terms of the lease-purchase agreement. The Project Site and Project Facilities are collateral for the debt as, in the event of default or "Nonappropriation of Funds", the Bank shall have all legal and equitable rights to take possession of the Project Site and Project Facilities and/or assign the Ground Lease. The lease amounts to an initial value of \$3,500,000.

The interest rate on the lease purchase agreement is stated at 2.55%. Interest payments of the lease purchase agreement are due on June 1 and December 1 of each year. The final maturity date stated on the issue is December 1, 2021.

The following is a summary of the future debt service requirements to maturity for the 2017 lease purchase agreement:

<u>Fiscal Year Ending,</u>	<u>Lease Purchase Agreement</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	<u>\$ 728,000</u>	<u>\$ 9,282</u>	<u>\$ 737,282</u>

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Capital Lease Obligations - Lessee Disclosure

On July 28, 2020, the School District entered into a capitalized leases for copier equipment. This lease agreements meet the criteria of capital lease, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The capital leases also are considered direct borrowings. Direct borrowings have terms negotiated directly between the School District and the lender and are not offered for public sale. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements. Principal payments in fiscal year 2021 totaled \$91,792 paid by the general fund.

The assets acquired through capital leases are as follows:

Assets:

Equipment (copiers)	\$ 784,561
Less: accumulated depreciation	<u>(78,456)</u>
Total	<u>\$ 706,105</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 172,236
2023	172,235
2024	172,236
2025	172,236
2026	<u>86,118</u>
Total minimum lease payments	775,061
Less: amount representing interest	<u>(82,292)</u>
Total	<u>\$ 692,769</u>

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the School District. The assessed valuation used in determining the School District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the School District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2021, are a voted debt margin of \$7,925,905 (including available funds of \$5,243,884) and an unvoted debt margin of \$735,745.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - JOINTLY GOVERNED ORGANIZATION

The Stark Portage Area Computer Consortium (SPARCC) is a jointly governed organization among 31 school districts and the Stark County Educational Service Center. The purpose of the organization is to apply modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The legislative and advisory body is the assembly which is comprised of the superintendents of the participating schools. The degree of control exercised by any participating district is limited to its representation on the assembly, which appoints the five-member executive board. The executive board exercises total control over the operation of SPARCC including budgeting, appropriating, contracting and designating management. The executive board consists of five superintendents. All revenues are generated from State funding and an annual fee charged to participating districts. The School District paid \$214,351 to SPARCC during the fiscal year 2021. The Stark County Educational Service Center is the fiscal agent of SPARCC. Financial information can be obtained by writing to the Stark County Educational Service Center, 6057 Strip Avenue NW, North Canton, Ohio 44720.

NOTE 15 - PUBLIC ENTITY RISK POOLS

A. Risk Sharing Pool

The Stark County Schools Council of Governments Health Benefits Program is a shared risk pool. The Council is governed by an assembly which consists of one representative from each participant (usually the superintendent or designee). The assembly elects officers for two-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the consortium. All consortium revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. Financial information can be obtained by writing to the Stark County Educational Service Center, 6057 Strip Avenue NW, North Canton, Ohio 44720.

B. Insurance Purchasing Pool

The School District participates in the CompManagement Workers' Compensation Group Rating Program (Group), an insurance purchasing pool. The Group's business and affairs are conducted by the CompManagement Corporation. Each year the participating districts pay an enrollment fee to the Group to cover the costs of administering the program.

NOTE 16 - CONTINGENCIES

A. Grants

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

B. Litigation

The School District was not party to material legal proceedings.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 16 - CONTINGENCIES - (Continued)

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. The net adjustments were not material and are not reflected in the accompanying financial statements.

NOTE 17 - SET-ASIDES

The School District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2020	\$ -
Current year set-aside requirement	780,602
Current year offsets	<u>(1,665,893)</u>
Total	<u>\$ (885,291)</u>
Balance carried forward to fiscal year 2021	<u>\$ -</u>
Set-aside balance June 30, 2021	<u><u>\$ -</u></u>

The current year offsets represent the permanent improvement levy cash-basis receipts received by the School District during fiscal year 2021.

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at cost (budget basis) as opposed to fair value (GAAP basis); and
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 718,858
Net adjustment for revenue accruals	(245,988)
Net adjustment for expenditure accruals	(775,302)
Net adjustment for other sources/uses	758,117
Funds budgeted elsewhere	56,422
Adjustment for encumbrances	237,836
GAAP basis	\$ 749,943

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, rotary fund, the public school support fund, adult education fund, the recreation fund, the special trust fund, the unclaimed monies fund and the special education Medicaid fund.

**PERRY LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 19 - COMMITMENTS

A. Contractual Commitments

As of June 30, 2021, the District had the following contractual commitments outstanding:

<u>Vendor</u>	<u>Total Contract</u>	<u>Amount Paid</u>	<u>Remaining Commitment June 30, 2021</u>
Beaver Shook LLC.	\$ 297,500	\$ (97,493)	\$ 200,007
Osborn Engineering Company	196,700	(4,327)	192,373
PSI Professional Service	395,280	(61,660)	333,620
Then Design Architecture LTD.	<u>5,685,638</u>	<u>-</u>	<u>5,685,638</u>
Total	<u>\$ 6,575,118</u>	<u>\$ (163,480)</u>	<u>\$ 6,411,638</u>

B. Other Commitments

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

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 232,834
Building	6,589,258
Other governmental	<u>45,059</u>
Total	<u>\$ 6,867,151</u>

NOTE 20 - TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Perry Township entered into Economic Zone agreements with TimkenSteel Corporation for the abatement of property taxes to bring jobs and economic development into the Township. Under the agreements, the companies' property taxes assessed to the School District have been abated. During fiscal year 2021, the School District's property taxes were reduced by approximately \$72,172.

NOTE 21 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's State of emergency ended in June of 2021 while the national State of emergency continues. During fiscal year 2021 the District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. The School District's investment portfolio and the pension and other employee benefits plan in which the School District participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

**PERRY LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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. For fiscal year 2021, the School District reported \$895,181 in revenue and expenditures/expense related to these programs. Also, during fiscal year 2021, the School District reported \$1,923,147 in tuition and fees from the resident school districts which will be direct funded to the School District as educating entity in fiscal year 2022. 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.

REQUIRED SUPPLEMENTARY INFORMATION

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's proportion of the net pension liability	0.22092050%	0.21237330%	0.22473170%	0.21299440%
School District's proportionate share of the net pension liability	\$ 14,612,147	\$ 12,706,667	\$ 12,870,801	\$ 12,725,945
School District's covered payroll	\$ 8,001,236	\$ 7,273,356	\$ 6,844,067	\$ 7,234,757
School District's proportionate share of the net pension liability as a percentage of its covered payroll	182.62%	174.70%	188.06%	175.90%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.22197420%	0.21341530%	0.21461000%	0.21461000%
\$ 16,246,463	\$ 12,177,684	\$ 10,861,290	\$ 12,762,168
\$ 7,231,857	\$ 6,424,917	\$ 6,236,147	\$ 6,160,809
224.65%	189.54%	174.17%	207.15%
62.98%	69.16%	71.70%	65.52%

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School District's proportion of the net pension liability	0.21004834%	0.20636006%	0.20897801%	0.20625954%
School District's proportionate share of the net pension liability	\$ 50,824,224	\$ 45,635,287	\$ 45,949,572	\$ 48,997,396
School District's covered payroll	\$ 25,741,379	\$ 24,268,529	\$ 23,919,164	\$ 22,638,136
School District's proportionate share of the net pension liability as a percentage of its covered payroll	197.44%	188.04%	192.10%	216.44%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.21081056%	0.21004906%	0.20918458%	0.20918458%
\$ 70,564,649	\$ 58,051,416	\$ 50,880,929	\$ 60,609,030
\$ 22,398,036	\$ 22,231,829	\$ 21,372,885	\$ 22,209,254
315.05%	261.12%	238.06%	272.90%
66.80%	72.10%	74.70%	69.30%

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,064,375	\$ 1,120,173	\$ 981,903	\$ 923,949
Contributions in relation to the contractually required contribution	<u>(1,064,375)</u>	<u>(1,120,173)</u>	<u>(981,903)</u>	<u>(923,949)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 7,602,679	\$ 8,001,236	\$ 7,273,356	\$ 6,844,067
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 1,012,866	\$ 1,012,460	\$ 846,804	\$ 864,330	\$ 852,656	\$ 818,702
<u>(1,012,866)</u>	<u>(1,012,460)</u>	<u>(846,804)</u>	<u>(864,330)</u>	<u>(852,656)</u>	<u>(818,702)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,234,757	\$ 7,231,857	\$ 6,424,917	\$ 6,236,147	\$ 6,160,809	\$ 6,087,004
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 3,636,271	\$ 3,603,793	\$ 3,397,594	\$ 3,348,683
Contributions in relation to the contractually required contribution	<u>(3,636,271)</u>	<u>(3,603,793)</u>	<u>(3,397,594)</u>	<u>(3,348,683)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 25,973,364	\$ 25,741,379	\$ 24,268,529	\$ 23,919,164
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 3,169,339	\$ 3,135,725	\$ 3,112,456	\$ 2,778,475	\$ 2,887,203	\$ 2,758,074
<u>(3,169,339)</u>	<u>(3,135,725)</u>	<u>(3,112,456)</u>	<u>(2,778,475)</u>	<u>(2,887,203)</u>	<u>(2,758,074)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 22,638,136	\$ 22,398,036	\$ 22,231,829	\$ 21,372,885	\$ 22,209,254	\$ 21,215,954
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability	0.22997810%	0.21757480%	0.22739260%	0.21742790%	0.22492628%
School District's proportionate share of the net OPEB liability	\$ 4,998,177	\$ 5,471,549	\$ 6,308,485	\$ 5,835,194	\$ 6,411,231
School District's covered payroll	\$ 8,001,236	\$ 7,273,356	\$ 6,844,067	\$ 7,234,757	\$ 7,231,857
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	62.47%	75.23%	92.17%	80.66%	88.65%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's proportion of the net OPEB liability/asset	0.21004834%	0.20636006%	0.20897801%	0.20625954%	0.21081056%
School District's proportionate share of the net OPEB liability/(asset)	\$ (3,691,598)	\$ (3,417,817)	\$ (3,358,063)	\$ 8,047,486	\$ 11,274,204
School District's covered payroll	\$ 25,741,379	\$ 24,268,529	\$ 23,919,164	\$ 22,638,136	\$ 22,398,036
School District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.34%	14.08%	14.04%	35.55%	50.34%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	174.70%	176.00%	47.10%	37.30%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 150,635	\$ 151,192	\$ 168,858	\$ 154,413
Contributions in relation to the contractually required contribution	<u>(150,635)</u>	<u>(151,192)</u>	<u>(168,858)</u>	<u>(154,413)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 7,602,679	\$ 8,001,236	\$ 7,273,356	\$ 6,844,067
Contributions as a percentage of covered payroll	1.98%	1.89%	2.32%	2.26%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 124,460	\$ 113,727	\$ 116,867	\$ 8,731	\$ 9,857	\$ 33,479
<u>(124,460)</u>	<u>(113,727)</u>	<u>(116,867)</u>	<u>(8,731)</u>	<u>(9,857)</u>	<u>(33,479)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,234,757	\$ 7,231,857	\$ 6,424,917	\$ 6,236,147	\$ 6,160,809	\$ 6,087,004
1.72%	1.57%	1.82%	0.14%	0.16%	0.55%

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	\$ 25,973,364	\$ 25,741,379	\$ 24,268,529	\$ 23,919,164
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ 216,681	\$ 213,342	\$ 212,160
-	-	-	(216,681)	(213,342)	(212,160)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 22,638,136	\$ 22,398,036	\$ 22,231,829	\$ 21,372,885	\$ 22,209,254	\$ 21,215,954
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2021.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2019-2021.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

(Continued)

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) 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, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%. For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021. For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate. For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to - 6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

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**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
Child Nutrition Cluster:						
COVID-19 School Breakfast Program	10.553	049924-3L70-2021	\$ 97,035	\$ -	\$ 97,035	\$ -
School Breakfast Program	10.553	049924-3L70-2021	397,679	-	397,679	-
COVID-19 National School Lunch Program	10.555	049924-3L60-2021	257,921	-	257,921	-
National School Lunch Program	10.555	049924-3L60-2021	1,117,907	204,382	1,117,907	204,382
Total Child Nutrition Cluster			1,870,542	204,382	1,870,542	204,382
Total U.S. Department of Agriculture			1,870,542	204,382	1,870,542	204,382
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
Special Education Cluster:						
Special Education Grants to States	84.027	049924-3M20-2021	961,338	-	961,338	-
Special Education Preschool Grants	84.173	049924-3C50-2020	433	-	433	-
Special Education Preschool Grants	84.173	049924-3C50-2021	16,653	-	16,139	-
Total Special Education Cluster			978,424	-	977,910	-
Title I:						
Title I Grants to Local Educational Agencies	84.010	049924-3M00-2020	76,558	-	101,004	-
Title I Grants to Local Educational Agencies	84.010	049924-3M00-2021	541,527	-	513,678	-
Title I Expanding Opportunities	84.010	049924-3M00-2021	10,888	-	10,888	-
Total Title I Grants to Local Educational Agencies			628,973	-	625,570	-
Title II-A						
Improving Teacher Quality State Grants	84.367	049924-3Y60-2020	27,065	-	28,201	-
Improving Teacher Quality State Grants	84.367	049924-3Y60-2021	105,499	-	105,499	-
Total Improving Teacher Quality State Grants			132,564	-	133,700	-
Title III						
English Language Acquisition State Grants	84.365	049858-3Y70-2021	5,418	-	5,418	-
Total English Language Acquisition State Grants			5,418	-	5,418	-
Title IV-A						
Student Support and Academic Enrichment	84.424A	049924-3H10-2020	-	-	7,068	-
Student Support and Academic Enrichment	84.424A	049924-3H10-2021	36,363	-	36,363	-
Total Student Support and Academic Enrichment			36,363	-	43,431	-
Elementary and Secondary School Emergency Relief Fund						
COVID 19 Elementary and Secondary School Emergency Relief Fund	84.425D	049924-3HSO-2020	53,711	-	53,711	-
COVID 19 Elementary and Secondary School Emergency Relief Fund	84.425D	049924-3HSO-2021	2,075,368	-	2,075,368	-
Total Elementary and Secondary School Emergency Relief Fund			2,129,079	-	2,129,079	-
Total U.S. Department of Education			3,910,821	-	3,915,108	-

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED JUNE 30, 2021
(Continued)**

FEDERAL GRANTOR Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
INSTITUTE OF MUSEUM AND LIBRARY SERVICES						
<i>Passed through State Library of Ohio</i>						
COVID-19 Grants to States	45.310	599-9221	3,000	-	3,000	-
Total Institute of Museum and Library Services			<u>3,000</u>	<u>-</u>	<u>3,000</u>	<u>-</u>
U.S. DEPARTMENT OF TREASURY						
<i>Passed Through Ohio Department of Education</i>						
Coronavirus Relief Fund						
COVID-19 Coronavirus Relief Fund	21.019	510-9121	235,189	-	235,189	-
COVID-19 Coronavirus Relief Fund - Perry Township Subgrant	21.019	510-9321	20,000	-	20,000	-
COVID-19 Coronavirus Relief Fund - Broadband Ohio	21.019	510-9221	134,343	-	134,343	-
Total Coronavirus Relief Fund			<u>389,532</u>	<u>-</u>	<u>389,532</u>	<u>-</u>
Total U.S. Department of Treasury			<u>389,532</u>	<u>-</u>	<u>389,532</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$6,173,895</u>	<u>\$ 204,382</u>	<u>\$ 6,178,182</u>	<u>\$ 204,382</u>

The accompanying notes are an integral part of this schedule.

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2021 to 2022 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$ 99,942
Special Education - Grants to States	84.027	\$ 6,002
Title II-A Student Support and Academic Enrichment	84.367	\$ 28,694
Title IV-A Improving Teacher Quality	84.424	\$ 10,522

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OHIO AUDITOR OF STATE KEITH FABER



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

Perry Local School District
Stark County
4201 13th Street SW
Massillon, Ohio 44646

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Perry Local School District, Stark 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 March 2, 2022. We noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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

March 2, 2022

OHIO AUDITOR OF STATE KEITH FABER



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

Perry Local School District
Stark County
4201 13th Street SW
Massillon, Ohio 44646

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

March 2, 2022

**PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Elementary and Secondary School Emergency Relief Fund, CFDA #84.425 D
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



PERRY LOCAL SCHOOL DISTRICT

STARK 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 3/24/2022

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