STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS
STARK COUNTY, OHIO

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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(800) 282-0370

Board of Directors
Stark County Schools Council of Governments
6057 Strip Avenue, North
North Canton, Ohio 44720

We have reviewed the *Independent Auditor's Report* of the Stark County Schools Council of Governments, Stark County, prepared by Rea & Associates, Inc., for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Stark County Schools Council of Governments is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

January 14, 2022

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STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

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Rea & associates a brighter way

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Stark County Schools Council of Governments
Stark County, Ohio
6057 Strip Ave. N
North Canton, Oh 44720

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Stark County Schools Council of Governments (the Council), Stark County, Ohio, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business activities and the aggregate remaining fund information of the Stark County Schools Council of Governments, Stark County, Ohio, as of June 30, 2021, and the respective changes in financial position, and where applicable cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis, seven-year loss development information, schedules of the Council's proportionate share of the net pension liability –SERS/STRS, schedules of Council pension contributions – SERS/STRS, schedules of the Council's proportionate share of the net pension liability/asset – SERS/STRS, and schedules of Council OPEB contributions – SERS/STRS,* as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2021, on our consideration of the Council'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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting and or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Medina, Ohio
December 21, 2021

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

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

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

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- In total, net position was $103,247,013 at June 30, 2021. This represents a decrease of $14,234,381, or 12.12%, from June 30, 2020's net position.

- The Council had operating revenues of $326,600,764 and operating expenses of $340,912,649 for fiscal year 2021. The Council had $77,504 in interest revenue earned on the Council's investments. Operating loss and the decrease in net position for the fiscal year was $14,311,885 and $14,234,381, respectively.

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 Council's financial activities. The s*tatement of net position* and s*tatement of revenues, expenses, and changes in net position* provide information about the activities of the Council, including all short-term and long-term financial resources and obligations. The *statement of cash flows* provides information about cash provided by or used in various activities of the Council.

Reporting the Council's Financial Activities

Statement of net position, statement of revenues, expenses, and changes in net position and the statement of cash flows

These documents look at all financial transactions and ask the question, "How did we do financially during fiscal year 2021?" The statement of net position and the statement of revenues, expenses, and changes in net position 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 fiscal year's revenues and expenses regardless of when cash is received or paid.

The statement of net position and the statement of revenues, expenses and changes in net position report the Council's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the Council as a whole, the *financial position* of the Council has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

The statement of cash flows provides information about how the Council finances and meets the cash flow needs of its operations.

Reporting the Council's Fiduciary Responsibilities

The Council maintains a custodial fund to account for monies of the Flex Pro program. This activity is excluded from the Council's other financial statements because the assets cannot be utilized by the Council to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning loss development information, the Council's net pension liability and the Council's net OPEB liability/asset.

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

Net Position

	2021	2020
Assets:		
Current assets:		
Cash and investments with fiscal agent	$ 128,618,694	$ 138,329,491
Other amounts	9,902,191	8,921,453
Non-current assets	899,542	887,496
Total assets	139,420,427	148,138,440
Deferred outflows of resources	1,322,400	1,769,970
Liabilities:		
Current liabilities:		
Claims payable	29,690,000	26,501,000
Other amounts	4,296,027	2,759,250
Long-term liabilities:		
Net pension liability & net OPEB liability	3,101,509	2,771,292
Other amounts	38,534	-
Total liabilities	37,126,070	32,031,542
Deferred inflows of resources	369,744	395,474
Net position:		
Investment in capital assets	753,970	758,014
Unrestricted	102,493,043	116,723,380
Total net position	$ 103,247,013	$ 117,481,394

Net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the Council's net position totaled $103,247,013.

The Council's cash and investments decreased during fiscal year 2021. This is a result of medical claims expenses exceeding health premium deposits for the fiscal year.

Claims payable increased because the number of members of the Council increased from 137 at the end of fiscal year 2020 to 149 at the end of fiscal year 2021. Other current liabilities increased due to an increase in the amount of accounts payable related to purchased services, which also relates to the increase in the number of members during the fiscal year. The net pension liability increased because of an increase in the State Teachers' Retirement System (STRS) overall net pension liability. Information on the net pension liability and net OPEB liability is found in Notes 8 and 9.

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

Change in Net Position

	2021	2020
Operating revenues:		
Health benefit premium deposits	$ 304,939,924	$ 287,271,020
Rebates	19,156,310	16,395,512
Other	2,504,530	2,970,458
Total operating revenue	326,600,764	306,636,990
Operating expenses:		
Medical claims	319,058,886	275,150,676
Purchased services	17,662,509	15,001,129
Other	4,191,254	4,285,421
Total operating expenses	340,912,649	294,437,226
Operating income (loss)	(14,311,885)	12,199,764
Nonoperating revenues:		
Interest revenue	77,504	2,585,672
Total nonoperating revenues	77,504	2,585,672
Change in net position	(14,234,381)	14,785,436
Net position, July 1	117,481,394	102,695,958
Net position, June 30	$ 103,247,013	$ 117,481,394

The increase in operating expenses can be attributed to primarily one reason. The number of the members of the Council increased from 137 to 149 during fiscal year 2021.

The Council had more members in fiscal year 2021, which resulted in an increase to health benefit premium deposits.

Interest revenues decreased in fiscal year 2021 because a large decrease in the fair value of the Council's investments and much lower interest rates.

Capital Assets

At the end of fiscal year 2021, the Council had $753,970 (net of $51,699 in accumulated depreciation) invested in building improvements and furniture, fixtures and equipment. See Note 11 to the basic financial statements for additional information on the Council's capital assets.

Long-Term Obligations

At the end of fiscal year 2021, the Council's long-term obligations consisted of net pension liabilities, a net OPEB liability and compensated absences. See Notes 8, 9 and 14 to the basic financial statements for additional information on the Council's long-term obligations.

Current Financial Related Activities

The Council is a shared risk pool, formed to carry out a cooperative program for the provision and administration of health care benefits for members. The Council is constantly assessing insurance needs of its members and acting to provide these services cost-effectively.

The Council receives an actuarial opinion statement annually assessing the claims liability of the Council.

Contacting the Council's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the Council's finances and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. James Carman, Treasurer, Stark County ESC, 6057 Strip Avenue NW, North Canton, Ohio 44720 or by calling (330) 492-8136.

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

STATEMENT OF NET POSITION
JUNE 30, 2021

Assets:	
Current assets:	
Cash and cash equivalents with fiscal agent	$ 33,576,076
Investments with fiscal agent	95,042,618
Receivables:	
Accounts	9,783,321
Accrued interest	118,870
Total current assets	138,520,885
Noncurrent assets:	
Net OPEB asset	145,572
Depreciable capital assets, net	753,970
Total noncurrent assets	899,542
Total assets	139,420,427
Deferred outflows of resources:	
Pension	1,078,139
OPEB	244,261
Total deferred outflows of resources	1,322,400
Liabilities:	
Current liabilities:	
Accounts payable	1,486,550
Accrued wages and benefits	41,383
Compensated absences payable	14,785
Pension and postemployment benefits payable	12,554
Intergovernmental payable	438,741
Claims payable	29,690,000
Unearned revenue	2,302,014
Total current liabilities	33,986,027
Non-current liabilities:	
Compensated absences payable	38,534
Net pension liability	2,801,127
Net OPEB liability	300,382
Total non-current liabilities	3,140,043
Total liabilities	37,126,070
Deferred inflows of resources:	
Pension	34,431
OPEB	335,313
Total deferred inflows of resources	369,744
Net position:	
Investment in capital assets	753,970
Unrestricted	102,493,043
Total net position	$ 103,247,013

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
8FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Operating revenues:	
Health benefit premium deposits	$ 304,939,924
COBRA deposits	375,288
Rental income	41,789
Rebates	19,156,310
Salary reimbursement	1,185,737
Other	901,716
Total operating revenues	326,600,764
Operating expenses:	
Medical claims	319,058,886
Life insurance	1,608,134
Purchased services	17,662,509
Supplies	41,220
Salaries and wages	1,276,170
Fringe benefits	1,025,656
Depreciation	34,535
Other	205,539
Total operating expenses	340,912,649
Operating loss	(14,311,885)
Non-operating revenue:	
Interest revenue	77,504
Change in net position	(14,234,381)
Net position at beginning of year	117,481,394
Net position at end of year	$ 103,247,013

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

STATEMENT OF CASH FLOWS
8FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Cash flows from operating activities:	
Cash received from health benefit premium deposits	$ 305,917,943
Cash received from COBRA deposits	375,288
Cash received from rental income	27,919
Cash received from rebates	17,555,768
Cash received from salary reimbursements	1,283,955
Cash received from other operations	838,484
Cash payments for medical claims	(315,869,886)
Cash payments for life insurance premiums	(1,608,134)
Cash payments for salaries, wages and benefits	(1,504,412)
Cash payments for purchased services	(16,687,090)
Cash payments for materials and supplies	(40,120)
Cash payments for other purposes	(194,632)
Net cash used in operating activities	(9,904,917)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(30,491)
Cash flows from investing activities:	
Investments purchased	(78,102,629)
Investments sold	56,448,476
Interest received	1,056,800
Net cash used by investing activities	(20,597,353)
Net decrease in cash and cash cash equivalents	(30,532,761)
Cash and cash equivalents at beginning of year	64,108,837
Cash and cash equivalents at end of year	$ 33,576,076
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (14,311,885)
Adjustments:	
Depreciation	34,535
Changes in assets and liabilities:	
Increase in accounts receivable	(1,127,845)
Increase in net OPEB asset	(16,090)
Decrease in deferred outflows - Pension	440,967
Decrease in deferred outflows - OPEB	6,603
Increase in accounts payable	1,449,555
Increase in accrued wages and benefits	24,200
Increase in compensated absences payable	53,319
Decrease in intergovernmental payable	(478,040)
Decrease in net OPEB liability	(18,465)
Decrease in deferred inflows - Pension	(106,154)
Increase in deferred outflows - OPEB	80,424
Increase in net pension liability	348,682
Decrease in pension and postemployment benefits payable	(161)
Increase in unearned revenue	526,438
Increase in claims payable	3,189,000
Net cash used in operating activities	$ (9,904,917)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

		Custodial
Assets:		
Current assets:		
Cash and cash equivalents with fiscal agent	$	224,953
Receivables:		
Accounts		50,595
Total assets		275,548
Liabilities:		
Current liabilities:		
Accounts payable		50
Total liabilities		50
Net position:		
Restricted for individuals		275,498
Total net position	$	275,498

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

		Custodial
Additions:		
Interest revenue	$	146
Flex Pro plan deposits		5,380,134
Total additions		5,380,280
Deductions:		
Flex Pro plan distributions		5,832,920
Purchased services		446
Total deductions		5,833,366
Change in net position		(453,086)
Net position at beginning of year		728,584
Net position at end of year	$	275,498

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE COUNCIL

Stark County Schools Council of Governments, Stark County, Ohio (the "Council") is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio as defined by Chapter 167 of the Ohio Revised Code.

The Council is a shared risk pool as defined by Governmental Accounting Standards Board Statement No. 10 as amended by Governmental Accounting Standards Board Statement No. 30. It was formed to carry out a cooperative program for the provision and administration of health care benefits for member employees and to promote other cooperative programs (such as the group rating for workers' compensation) which may be approved in accordance with the Council by-laws.

The Council Assembly is the legislative decision-making body of the Council and is comprised of the superintendent or executive officer from each member. As of June 30, 2021, there were 149 members of the Council. Only the 19 original members from Stark County school districts at the time of the formation of the Council have a vote in the Council Assembly.

Members pay monthly premiums (program costs) that are placed in a common fund from which eligible claims are paid for member employees and their covered dependents. Claims are paid for all participants regardless of claims flows, resulting in a transfer of all risk from the Council back to its members. In order to become a full member of the Council, entities must meet one of two requirements; entities that have been in the program for less than 5 years may maintain a "reserve balance" equal to 30% of their prior fiscal year claims or an entity may have been in the program for 5 years. Full membership is granted whenever one of the requirements is first met.

The Board of Directors is the advisory body of the Council and is comprised of five individuals, including the Superintendent of Stark County Educational Service Center who serves as the Chairman. Among other responsibilities, the Board reviews the applications of potential new Council members, reviews health insurance policies, and selects carriers for insurance coverage. The Board also reviews contracts for the purpose of selecting third-party administrators and makes recommendations to the Council Assembly related to member program costs and adjustments.

The Council Agreement can be terminated by a two-thirds vote of the participating members. Upon such termination, the net reserve balance will be transferred to the members in proportion to their fiscal year premium deposits divided by the total deposits of all members.

The Council's management believes these financial statements present all activities for which the Council is financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the Council are not misleading. On this basis, no governmental organizations other than the Council itself are included in the financial reporting entity.

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

B. Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

For financial statement presentation purposes, the Council utilizes the accrual basis of accounting. Under this method of accounting, revenues are recognized when they are earned and expenses are recognized when the liability is incurred. Fiduciary funds also use the accrual basis of accounting.

The Council's activities are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the Council's operations are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position.

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

The Council distinguishes operating revenues and expenses from nonoperating items. Operating revenues generally result from participants contributions for insurance coverage, rebates and salary reimbursements. Operating expenses for the Council include salaries and wages, fringe benefits, the payment of claims, life insurance premiums, administrative fees and professional fees. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Fund Accounting

The Council maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of government entities in which legal or other restraints require the recording of specific receipts and disbursements. The Council uses an enterprise fund to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for public policy, management control, accountability or other purposes.

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: private-purpose trust funds, investment trust funds, pension trust funds and custodial funds. Trust funds are used to account for assets held by the Council under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Council's own programs. The Council has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The Council's custodial fund accounts for the Flex Pro program. This is a member provided plan in which the Council acts only as a cash conduit.

D. Cash and Investments with Fiscal Agent

The Stark County Educational Service Center (the "Service Center") serves as fiscal agent for the Council. The Service Center maintains the Council's financial activity on the Service Center's books under a specific fund designated for Council activity. The Treasurer of the Service Center, acting as custodian of Council funds, invests monies on behalf of the Council. Investments maintained by the Service Center as fiscal agent include the State Treasury Asset Reserve of Ohio (STAR Ohio), money market accounts, U.S. Treasury notes, municipal bonds, mutual fund sweeps, commercial paper, negotiable CDs and federal government agency securities. These investments are valued at fair value, which is based on quoted market prices.

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

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

For 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.

For purposes of the statement of net position and the statement of cash flows, investments purchased by the fiscal agent for the Council with original maturities of three months or less at the time they are purchased are considered to be "cash equivalents". Investments purchased by the fiscal agent for the Council with original maturities of more than three months at the time they are purchased are considered to be "investments". An analysis of the Council's cash and investments with its fiscal agent at fiscal year-end is provided in Note 3.

E. Budgetary Process

The Council is not required to follow the budgetary process, but has elected to adopt a formal budget annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level and appropriations may not exceed estimated resources. The Board annually approves appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of July 1.

3. Encumbrances

The Council reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated. The Council had $112,825 in encumbrances outstanding at June 30, 2021.

A summary of 2021 budgetary activity appears in Note 4.

F. Estimates

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

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

G. Unearned Revenue

Unearned revenues represent premiums paid in advance by Council members at June 30, 2021. The premiums will be recognized as revenue in the month to which they pertain. Unearned revenue also includes a construction reimbursement from Jackson Local School District (Jackson LSD) for improvements to building space that Jackson LSD is subleasing from the Council. The construction reimbursement will be recognized as revenue over the life of the sublease agreement.

H. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component "investment in capital assets," consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use, either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Council applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The Council had no restricted net position at June 30, 2021.

I. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Council Assembly and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2021.

J. 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 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.

K. Fair Value

The Council 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.

L. 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 represent 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 Council, see Notes 8 and 9 for deferred outflows of resources related to the Council's net pension liability and net OPEB liability/asset, respectively.

In addition to liabilities, the statement of net position will 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 Academy, deferred inflows of resources include the net difference between projected and actual earnings on pension plan investments related to the Council's net pension liability and net OPEB liability/asset, see Notes 8 and 9, respectively, for detail.

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

M. Capital Assets

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition value on the date donated. The Council has a capitalization threshold of $5,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expended when incurred.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Building improvements	50 years
Furniture fixtures and equipment	5 - 10 years

N. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences," a liability for vacation leave is accrued if (a) the employees' rights to payment are attributable to services already rendered; and (b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service and for all employees with at least 20 years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

NOTE 3 - CASH AND INVESTMENTS WITH FISCAL AGENT

The Service Center serves as the fiscal agent for the Council.

State statutes classify monies held by the Service Center 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 Service Center 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 Directors 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.

NOTE 3 - CASH AND INVESTMENTS WITH FISCAL AGENT - (Continued)

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.

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 market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, 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 division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made on through eligible institutions;

7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and

8. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. 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 Service Center, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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.

As fiscal agent, the Service Center maintains separate depository accounts and separate investment accounts for monies specific to the Council. The amounts held in the depository accounts and the investment accounts at fiscal year year-end are described below.

NOTE 3 - CASH AND INVESTMENTS WITH FISCAL AGENT - (Continued)

A. Deposits with Fiscal Agent held in Financial Institutions

At June 30, 2021, the carrying amount of the Council's deposits with fiscal agent held in financial institutions was $980,302. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2021, $2,001,867 of the Council's bank balance of $2,501,867 was exposed to custodial risk as discussed below, while $500,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the Council will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Council 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 Council 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 rate set by the Treasurer of State. For 2021, one of the Council's financial institutions was approved for a reduced collateral rate of 50 percent through the OPCS, while the other financial institution was not approved for the reduced collateral rate through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Council to a successful claim by the FDIC.

B. Investments

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

		Investment maturities				
Measurement/ Investment type	Measurement value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair value:						
FHLB	$ 14,465,150	$ 1,108,921	$ 502,160	$ -	$ 2,326,879	$ 10,527,190
FHLMC	21,026,089	-	-	500,155	2,501,180	18,024,754
FNMA	7,494,087	1,001,560	-	507,195	-	5,985,332
FFCB	17,606,663	-	1,003,800	1,000,050	2,530,600	13,072,213
FAMC	2,511,485	-	-	-	1,510,825	1,000,660
Negotiable CD's	7,677,473	248,213	1,255,072	1,008,703	1,273,220	3,892,265
U.S. Treasury notes	5,451,707	1,101,023	-	-	-	4,350,684
Commercial paper	16,864,461	12,893,816	3,970,645	-	-	-
Municipal bonds	1,945,503	902,043	492,916	-	550,544	-
U.S. Government money market	1,051,933	1,051,933	-	-	-	-
Mutual fund sweeps	31,571,764	31,571,764	-	-	-	-
Amortized cost:						
STAR Ohio	197,030	197,030	-	-	-	-
Total	$ 127,863,345	$ 50,076,303	$ 7,224,593	$ 3,016,103	$ 10,693,248	$ 56,853,098

The weighted average maturity of investments is 1.93 years.

The Council's investments in U.S. Government money market mutual funds and mutual fund sweeps are valued using quoted market prices in active markets (Level 1 inputs). The Council's investments in federal agency securities, municipal bonds, negotiable CDs, commercial paper and U.S. Treasury notes 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).

NOTE 3 - CASH AND INVESTMENTS WITH FISCAL AGENT - (Continued)

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Council's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The Council'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 STAR Ohio and the U.S. Government money market funds an AAAm money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Council's investments in commercial paper were rated A-1 or A-1+ and P-1 by Standard & Poor's and Moody's Investor Services, respectively. The Council's investments in municipal bonds were rated SP-1+ or AA+ and MIG1 or Aa1 by Standard & Poor's and Moody's Investor Services, respectively. The Council's investments in negotiable CD's and mutual fund sweeps are not rated. The Council'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 Council 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, municipal bonds, commercial paper and U.S. Treasury notes 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 Council's name. The Council's investments in negotiable CDs are insured by the FDIC. The Council 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.

Concentration of Credit Risk: The Council 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 Council at June 30, 2021:

Measurement/ Investment type	Measurement value	% of Total
Fair value:		
FHLB	$ 14,465,150	11.31
FHLMC	21,026,089	16.45
FNMA	7,494,087	5.86
FFCB	17,606,663	13.77
FAMC	2,511,485	1.97
Negotiable CD's	7,677,473	6.01
U.S. Treasury notes	5,451,707	4.26
Commercial paper	16,864,461	13.19
Municipal bonds	1,945,503	1.52
U.S. Government money market	1,051,933	0.82
Mutual fund sweeps	31,571,764	24.69
Amortized cost:		
STAR Ohio	197,030	0.15
Total	$ 127,863,345	100.00

NOTE 3 - CASH AND INVESTMENTS WITH FISCAL AGENT - (Continued)

C. Reconciliation of Cash and Investments with Fiscal Agent to the Statement of Net Position

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

Cash and investments with fiscal agent per note	
Carrying amount of deposits with fiscal agent	$ 980,302
Investments with fiscal agent	127,863,345
Total	$ 128,843,647
Cash and investments with fiscal agent per financial statements	
Enterprise fund	$ 128,618,694
Custodial fund	224,953
Total	$ 128,843,647

NOTE 4 - BUDGETARY ACTIVITY

Budgetary activity for the year ended June 30, 2021 is as follows:

2021 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
Enterprise	$ 316,015,899	$ 327,056,157	$ 11,040,258
Custodial	4,855,000	5,404,050	549,050
Total	$ 320,870,899	$ 332,460,207	$ 11,589,308

2021 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
Enterprise	$ 368,879,836	$ 336,047,590	$ 32,832,246
Custodial	5,505,777	5,833,316	(327,539)
Total	$ 374,385,613	$ 341,880,906	$ 32,504,707

NOTE 5 - RELATED PARTY TRANSACTIONS

In consideration for its services, the Service Center, as fiscal agent, may receive a fee from the Council in such an amount as approved by the Council Assembly. During the fiscal year ended June 30, 2021, $1,627,671 (including an amount payable of $320,757) of such fees were paid to the Service Center by the Council.

NOTE 6 - RISK MANAGEMENT

The Council contracts with two third party administrators, Medical Mutual of Ohio and Aultcare, to process and pay health benefit claims incurred by its members. Payments are made by members to the Council for monthly health insurance premiums, monthly stop-loss premiums and administrative charges. During fiscal year 2021, the Council purchased specific stop-loss coverage of $600,000 per individual and a maximum aggregate stop-loss coverage liability of $317,637,294. The Council Treasurer makes monthly payments to the third party administrators for stop-loss premiums and administrative charges incurred on behalf of Council members. Any rate increases/decreases from the stop-loss insurance carrier are passed on to Council participants through their individual participation rates negotiated with the stop-loss insurance carrier. All new members of the Council are required to maintain a 30% reserve balance within three years of joining.

The claims liability of $29,690,000 reported at June 30, 2021, is based on an actuarial estimate provided by the third party administrator and the requirements of GASB Statement No. 10 as amended by GASB Statement No. 30, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

Changes in claims activity for the fiscal year ended June 30, 2021 and 2020 was as follows:

	2021	2020
Claims payable at beginning of fiscal year	$ 26,501,000	$ 25,546,000
Claims expenses:		
Claims expenses for insured events of the current period	306,132,861	257,839,933
Increase in claims expenses for insured events of the prior years	12,926,025	17,310,743
Total claims expenses	319,058,886	275,150,676
Payments:		
Claims expenses paid attributable to insured events of the current year	294,484,928	255,632,136
Claims expenses paid attributable to insured events of prior years	21,384,958	18,563,540
Total claims payments	315,869,886	274,195,676
Claims payable at end of fiscal year	$ 29,690,000	$ 26,501,000

The Council also contracts with Caremark, Inc. (Caremark) for prescription drug services. Caremark forwards all prescription drug claim activity to the respective benefit plan provider who, in turn, credits individual policies for claims processed.

The Council also contracts with Comp Management, Inc. to provide workers' compensation benefits at a reduced pool rate for its members. The experience rating of each participating member is calculated as one experience rate and applied to all participants in the program.

NOTE 7 - CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2021, the Council 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*

NOTE 8 - 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 Council's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires 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 9 for the required OPEB disclosures.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Plan Description - School Employees Retirement System (SERS)

Plan Description - The Council 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%.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the Council 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 Council's contractually required contribution to SERS was $76,821 for fiscal year 2021. Of this amount, $4,593 is reported as pension and postemployment benefits payable.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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 Council 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.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

The Council's contractually required contribution to STRS was $96,617 for fiscal year 2021.

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 Council's proportion of the net pension liability was based on the Council'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	0.01209359%	0.00781782%	
Proportion of the net pension liability current measurement date	0.01204928%	0.00828288%	
Change in proportionate share	-0.00004431%	0.00046506%	
Proportionate share of the net pension liability	$ 796,965	$ 2,004,162	$ 2,801,127
Pension expense	$ 191,691	$ 665,242	$ 856,933

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 1,548	$ 4,496	$ 6,044
Net difference between projected and actual earnings on pension plan investments	50,593	97,466	148,059
Changes of assumptions	-	107,584	107,584
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	8,258	634,756	643,014
Contributions subsequent to the measurement date	76,821	96,617	173,438
Total deferred outflows of resources	$ 137,220	$ 940,919	$ 1,078,139
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 12,813	$ 12,813
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	1,961	19,657	21,618
Total deferred inflows of resources	$ 1,961	$ 32,470	$ 34,431

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

$173,438 reported as deferred outflows of resources related to pension resulting from Council contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ 6,972	$ 283,627	$ 290,599
2023	14,538	268,907	283,445
2024	21,087	196,896	217,983
2025	15,841	62,402	78,243
Total	$ 58,438	$ 811,832	$ 870,270

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)

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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 Council'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
Council's proportionate share of the net pension liability	$ 1,091,744	$ 796,965	$ 549,639

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the 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%

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	100.00 %	

**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.

NOTE 8 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 Council's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the Council's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the Council'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:

	1% Decrease	Current Discount Rate	1% Increase
Council's proportionate share of the net pension liability	$ 2,853,578	$ 2,004,162	$ 1,284,353

NOTE 9 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 8 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The Council 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.

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 Council's surcharge obligation was $7,961.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Council's contractually required contribution to SERS was $7,961 for fiscal year 2021. Of this amount, $7,961 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. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2021, 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 Council's proportion of the net OPEB liability/asset was based on the Council's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.01267888%	0.00781782%	
Proportion of the net OPEB liability/asset current measurement date	0.01382131%	0.00828288%	
Change in proportionate share	0.00114243%	0.00046506%	
Proportionate share of the net OPEB liability	$ 300,382	$ -	$ 300,382
Proportionate share of the net OPEB asset	$ -	$ 145,572	$ 145,572
OPEB expense	$ 53,078	$ 7,355	$ 60,433

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 3,945	$ 9,328	$ 13,273
Net difference between projected and actual earnings on OPEB plan investments	3,384	5,100	8,484
Changes of assumptions	51,203	2,402	53,605
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	83,313	77,625	160,938
Contributions subsequent to the measurement date	7,961	-	7,961
Total deferred outflows of resources	$ 149,806	$ 94,455	$ 244,261
Deferred inflows of resources			
Differences between expected and actual experience	$ 152,767	$ 28,997	$ 181,764
Changes of assumptions	7,565	138,269	145,834
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	7,715	7,715
Total deferred inflows of resources	$ 160,332	$ 174,981	$ 335,313

$7,961 reported as deferred outflows of resources related to OPEB resulting from Council 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.

NOTE 9 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ (453)	$ (21,575)	$ (22,028)
2023	(210)	(18,123)	(18,333)
2024	(249)	(16,910)	(17,159)
2025	(6,395)	(13,592)	(19,987)
2026	(8,316)	(3,399)	(11,715)
Thereafter	(2,864)	(6,927)	(9,791)
Total	$ (18,487)	$ (80,526)	$ (99,013)

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.

NOTE 9 - 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.

NOTE 9 - 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 Council'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
Council's proportionate share of the net OPEB liability	$ 367,660	$ 300,382	$ 246,896

	1% Decrease	Current Trend Rate	1% Increase
Council's proportionate share of the net OPEB liability	$ 236,528	$ 300,382	$ 385,772

NOTE 9 - 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	
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				
	Initial	Ultimate	Initial	Ultimate
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.

NOTE 9 - 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	100.00 %	

**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 Council'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
Council's proportionate share of the net OPEB asset	$ 126,657	$ 145,572	$ 161,620

	1% Decrease	Current Trend Rate	1% Increase
Council's proportionate share of the net OPEB asset	$ 160,624	$ 145,572	$ 127,235

NOTE 10 - RECEIVABLES

Receivables at June 30, 2021 consisted of accounts (billings to member districts for user charged services) and accrued interest. All receivables are considered collectible in full. A summary of the principal items of receivables reported in the statement of net position follows:

Accounts	$ 9,783,321
Accrued interest	118,870
Total	$ 9,902,191

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

NOTE 11 - CAPITAL ASSETS

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

	Balance 06/30/20	Additions	Deductions	Balance 06/30/21
Capital assets, being depreciated:				
Building improvements	$ 667,902	$ -	$ -	$ 667,902
Furniture, fixtures and equipment	107,276	30,491	-	137,767
Accumulated depreciation	(17,164)	(34,535)	-	(51,699)
Capital assets, net	$ 758,014	$ (4,044)	$ -	$ 753,970

NOTE 12 - LEASE AGREEMENT

On September 1, 2019, the Council entered into a lease with Stark State College for approximately 22,361 square feet of building space. The initial term of this lease expires on April 22, 2023. The Council, with Stark State College's consent, may renew the lease three times under the same terms and conditions for additional and consecutive five-year terms. for this lease is $4.75 per square foot per year. The Council is also responsible for payment of utilities and common area maintenance. Effective July 1, 2020, this lease has been amended to include an additional 6,404 square feet of building space.

NOTE 13 - SUBLEASE AGREEMENT

On November 18, 2019, the Council entered into a sublease with Jackson Local School District (District) for approximately 8,705 square feet of building space within the building the Council is leasing from Stark State College. The initial term of this lease expires on March 1, 2039. In lieu of rent, the District made improvements to the premises for $667,902. The Council has capitalized buildings and improvements in the amount of $667,902. Accumulated depreciation as of June 30, 2021 was $15,585 leaving a book value of $652,317.

NOTE 14 - LONG-TERM OBLIGATIONS

During the fiscal year 2021, the following activity occurred in long-term obligations:

	Balance 06/30/20	Additions	Reductions	Balance 06/30/21	Amounts Due in One Year
Net pension liability	$ 2,452,445	$ 348,682	$ -	$ 2,801,127	$ -
Net OPEB liability	318,847	-	(18,465)	300,382	-
Compensated absences	-	53,319	-	53,319	14,785
Total	$ 2,771,292	$ 402,001	$ (18,465)	$ 3,154,828	$ 14,785

See Note 8 for a description of the Council's net pension liability.

See Note 9 for a description of the Council's net OPEB liability/asset.

NOTE 15 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Council. The Council's investment portfolio and the pension and other employee benefits plan in which the Council 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 Council's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

REQUIRED SUPPLEMENTARY INFORMATION

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STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

SEVEN-YEAR LOSS DEVELOPMENT INFORMATION

The following table illustrates how the Consortium's earned revenue and investment income compares to related costs of loss and other expenses assumed by the Consortium as of the end of the year. The rows of the table are defined as follows:

(1) This line shows the total of each fiscal year's gross earned premiums and reported investment income.

(2) This line shows each fiscal year's other operating costs of the Consortium including overhead and loss adjustment expenses not allocable to individual claims.

(3) This line shows the Consortium's gross incurred losses and allocated loss adjustment expense as originally reported at the end of the year in which the event that triggered coverage occurred (called *accident year*).

(4) This section shows the cumulative net amounts paid as of the end of the accident year.

(5) This section shows how each accident year's net incurred losses increased or decreased as of the end of the year. (This annual re-estimation results from new information received on known losses, re-evaluation of existing information on known losses and emergence of new losses not previously known).

(6) This line compares the latest re-estimated net incurred losses amount to the amount originally established (line 3) and shows whether this latest estimate of losses is greater or less than originally thought.

As data for individual accident years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of net incurred losses currently recognized in less mature accident years. The columns of the table show data for successive accident years. Loss development information prior to fiscal year 2015 is not available.

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

SEVEN-YEAR LOSS DEVELOPMENT INFORMATION (1) (CONTINUED)

	2015	2016	2017	2018	2019
1. Premiums and investment income (2)	$ 211,354,234	$ 231,350,014	$ 218,011,581	$ 257,881,082	$ 259,646,020
2. Unallocated expenses (2)	13,440,611	14,615,955	16,275,423	15,805,679	17,933,057
3. Estimated losses incurred and expense, end of year	197,430,531	202,891,163	226,194,282	241,284,448	266,985,943
4. Paid, cumulative as of:					
End of accident year	181,197,531	183,035,163	203,870,005	218,791,491	247,895,351
One year later	196,193,774	200,501,590	222,959,211	237,420,180	265,960,419
Two years later	196,275,235	200,590,620	223,397,319	237,918,652	267,826,837
Three years later	196,275,235	200,590,620	223,397,319	237,918,652	-
Four years later	196,275,235	200,590,620	223,397,319	-	-
Five years later	196,275,235	200,590,620	-	-	-
Six years later	196,275,235	-	-	-	-
5. Re-estimated incurred losses and expense:					
End of accident year	197,430,531	202,891,163	226,194,282	241,284,448	266,985,943
One year later	196,356,696	200,576,235	223,242,621	244,234,733	284,296,686
Two years later	196,275,235	200,322,175	223,469,541	244,234,733	267,826,837
Three years later	196,275,235	200,322,175	223,469,541	244,038,510	-
Four years later	196,275,235	200,322,175	223,397,319	-	-
Five years later	196,275,235	200,590,620	-	-	-
Six years later	196,275,235	-	-	-	-
6. Increase (decrease) in estimated incurred losses and expenses from end of accident year	(1,155,296)	(2,300,543)	(2,796,963)	2,754,062	840,894

Notes:

(1) Information prior to fiscal year 2015 is not available. This schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.

(2) Information for 2015 and 2016 presented on the cash-basis of accounting.

2020	2021
$ 289,856,692	$ 305,017,428
19,286,550	21,853,763
257,839,933	306,132,861
255,632,136	294,484,928
275,150,676	-
-	-
-	-
-	-
-	-
-	-
257,839,933	306,132,861
287,235,807	-
-	-
-	-
-	-
-	-
-	-
29,395,874	-

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	2021	2020	2019	2018
Council's proportion of the net pension liability	0.01204928%	0.01209359%	0.01131780%	0.01061139%
Council's proportionate share of the net pension liability	$ 796,965	$ 723,581	$ 648,191	$ 634,007
Council's covered payroll	$ 418,950	$ 414,348	$ 367,830	$ 348,636
Council's proportionate share of the net pension liability as a percentage of its covered payroll	190.23%	174.63%	176.22%	181.85%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

Note: The Council did not contribute to SERS until fiscal year 2016. 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 Council's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017
0.00447900%
$ 327,821
$ 161,257
203.29%
62.98%

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	2021	2020	2019	2018
Council's proportion of the net pension liability	0.00828288%	0.00781782%	0.00454509%	0.00196637%
Council's proportionate share of the net pension liability	$ 2,004,162	$ 1,728,864	$ 999,363	$ 467,115
Council's covered payroll	$ 999,521	$ 910,764	$ 516,607	$ 221,379
Council's proportionate share of the net pension liability as a percentage of its covered payroll	200.51%	189.83%	193.45%	211.00%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	70.85%	77.31%	75.30%

Note: The Council did not contribute to STRS until fiscal year 2016. 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 Council's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017
0.00230300%
$ 770,884
$ 244,336
315.50%
66.80%

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	2021	2020	2019	2018
Contractually required contribution	$ 76,821	$ 58,653	$ 55,937	$ 49,657
Contributions in relation to the contractually required contribution	(76,821)	(58,653)	(55,937)	(49,657)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Council's covered payroll	$ 548,721	$ 418,950	$ 414,348	$ 367,830
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

Information prior to 2016 was unavailable.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016
$ 48,809	$ 22,576
(48,809)	(22,576)
$ -	$ -
$ 348,636	$ 161,257
14.00%	14.00%

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	2021	2020	2019	2018
Contractually required contribution	$ 96,617	$ 139,933	$ 127,507	$ 72,325
Contributions in relation to the contractually required contribution	(96,617)	(139,933)	(127,507)	(72,325)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Council's covered payroll	$ 690,121	$ 999,521	$ 910,764	$ 516,607
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

Information prior to 2016 was unavailable.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017		2016	
$	30,993	$	34,207
	(30,993)		(34,207)
$	-	$	-
$	221,379	$	244,336
	14.00%		14.00%

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	2021	2020	2019	2018
Council's proportion of the net OPEB liability	0.01382131%	0.01267888%	0.01205865%	0.00963305%
Council's proportionate share of the net OPEB liability	$ 300,382	$ 318,847	$ 334,540	$ 258,526
Council's covered payroll	$ 418,950	$ 414,348	$ 367,830	$ 348,636
Council's proportionate share of the net OPEB liability as a percentage of its covered payroll	71.70%	76.95%	90.95%	74.15%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%

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 Council's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017
0.00406031%
$ 115,734
$ 161,257
71.77%
11.49%

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	2021	**2020**	**2019**	**2018**
Council's proportion of the net OPEB liability/asset	0.00828288%	0.00781782%	0.00454509%	0.00196637%
Council's proportionate share of the net OPEB liability/(asset)	$ (145,572)	$ (129,482)	$ (73,035)	$ 76,721
Council's covered payroll	$ 999,521	$ 910,764	$ 516,607	$ 221,379
Council's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.56%	14.22%	14.14%	34.66%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	174.70%	176.00%	47.10%

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 Council's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017
0.00230300%
$ 123,165
$ 244,336
50.41%
37.33%

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	2021	2020	2019	2018
Contractually required contribution	$ 7,961	$ 10,670	$ 17,185	$ 10,915
Contributions in relation to the contractually required contribution	(7,961)	(10,670)	(17,185)	(10,915)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Council's covered payroll	$ 548,721	$ 418,950	$ 414,348	$ 367,830
Contributions as a percentage of covered payroll	1.45%	2.55%	4.15%	2.97%

Information prior to 2016 was unavailable.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2017	2016
	$ 4,830	$ -
	(4,830)	-
	$ -	$ -
	$ 348,636	$ 161,257
	1.39%	0.00%

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	2021	2020	2019	2018
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Council's covered payroll	$ 690,121	$ 999,521	$ 910,764	$ 516,607
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

Information prior to 2016 was unavailable.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2017	2016
	$ -	$ -
	-	-
	$ -	$ -
	$ 221,379	$ 244,336
	0.00%	0.00%

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)

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

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 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

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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*

To the Board of Directors
Stark County Schools Council of Governments
Stark County, Ohio
6057 Strip Ave. N
North Canton, Oh 44720

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of Stark County Schools Council of Governments, Stark County, Ohio (the Council), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated December 21, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
Medina, Ohio
December 21, 2021

OHIO AUDITOR OF STATE
KEITH FABER

STARK COUNTY SCHOOLS COUNCIL OF GOVERNMENTS

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 1/27/2022

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