



OHIO AUDITOR OF STATE  
**KEITH FABER**





**FREMONT CITY SCHOOL DISTRICT  
SANDUSKY COUNTY  
JUNE 30, 2020**

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## INDEPENDENT AUDITOR'S REPORT

Fremont City School District  
Sandusky County  
500 West State Street, Suite A  
Fremont, Ohio 43420-2580

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fremont City School District, Sandusky County, Ohio (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

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

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 23, 2021

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**Fremont City School District**  
**Sandusky County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*Unaudited*

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The discussion and analysis of the Fremont City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

***Financial Highlights***

Key financial highlights for fiscal year 2020 are as follows:

- Net position decreased \$2,104,265, which represents a 5.9 percent decrease from 2019.
- Capital assets increased \$43,301,461 during fiscal year 2020.
- During the fiscal year, outstanding debt decreased from \$72,594,318 to \$71,416,503.

***Using this Annual Report***

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

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

***Reporting the School District as a Whole***

*Statement of Net Position and the Statement of Activities*

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2020?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the *Statement of Net Position* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non instructional services, i.e., food service operations.

***Reporting the School District's Most Significant Funds***

***Fund Financial Statements***

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, bond retirement fund and classroom facilities capital project fund.

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

***Proprietary Funds*** The School District maintains a proprietary fund. The internal service fund is an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses its internal service fund to account for its healthcare costs. Because this service predominantly benefits governmental functions, they have been included within governmental activities in the government-wide statements.

***Reporting the School District's Fiduciary Responsibilities***

The School District is the trustee, or fiduciary, for some of its scholarship and foundation programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in the agency fund. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

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**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2020 compared to fiscal year 2019:

**Table 1**  
**Net Position**

	Governmental Activities		
	2020	2019	Change
<b>Assets</b>			
Current and Other Assets	\$ 102,173,781	\$ 151,163,763	\$ (48,989,982)
Net OPEB Asset	2,939,296	2,827,330	111,966
Capital Assets	85,146,900	41,845,439	43,301,461
<i>Total Assets</i>	<u>190,259,977</u>	<u>195,836,532</u>	<u>(5,576,555)</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charges on Refunding	958,208	1,064,295	(106,087)
Pension & OPEB	11,098,888	14,698,683	(3,599,795)
<i>Total Deferred Outflows of Resources</i>	<u>12,057,096</u>	<u>15,762,978</u>	<u>(3,705,882)</u>
<b>Liabilities</b>			
Current and Other Liabilities	9,858,924	11,344,494	(1,485,570)
Long-Term Liabilities:			
Due Within One Year	1,802,757	1,753,911	48,846
Due in More Than One Year:			
Pension & OPEB	53,878,901	53,498,024	380,877
Other Amounts	79,983,055	81,199,019	(1,215,964)
<i>Total Liabilities</i>	<u>145,523,637</u>	<u>147,795,448</u>	<u>(2,271,811)</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes Levied for the Next Year	12,651,935	14,493,628	(1,841,693)
Property Tax Refund	2,067,834	4,131,375	(2,063,541)
Pension & OPEB	8,539,855	9,540,982	(1,001,127)
<i>Total Deferred Inflows of Resources</i>	<u>23,259,624</u>	<u>28,165,985</u>	<u>(4,906,361)</u>
<b>Net Position</b>			
Net Investment in Capital Assets	42,112,041	19,104,461	23,007,580
Restricted	37,469,729	60,534,242	(23,064,513)
Unrestricted (deficit)	(46,047,958)	(44,000,626)	(2,047,332)
<i>Total Net Position</i>	<u>\$ 33,533,812</u>	<u>\$ 35,638,077</u>	<u>\$ (2,104,265)</u>

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The net pension liability (NPL) is the largest liabilities reported by the School District at June 30, 2020, and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, the School District also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. For STRS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset for fiscal year 2020 that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

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

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

At year end, capital assets represented 45 percent of total assets. Capital assets include land, construction in progress, land improvements, buildings, equipment and vehicles. Net investment in capital assets was \$42,112,041 at June 30, 2020. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$37,469,729 represents resources that are subject to external restrictions on how they may be used. The majority of restricted net position is primarily due to the Ohio Facilities Construction Commission project award described below. The balance of government-wide unrestricted net position was a deficit of \$46,047,958, primarily caused by pension and OPEB accruals.

In fiscal year 2018 the School District entered into an Ohio Facilities Construction Commission (OFCC) project to build new schools. The School District issued general obligation bonds in a prior year, with unspent proceeds being reported as equity in pooled cash and investments. Construction on this project began in fiscal year 2018 and is ongoing. This activity resulted in increases to construction in progress and retainage payable in the fiscal year. The decrease in contracts payable is due to the timing of invoices received for the construction project. Unspent proceeds, will continue to decrease as the project progresses, which are the primary causes for the decrease and intergovernmental receivable relating to OFCC's portion of project funding in current and other assets.

Income taxes receivable decreased due to the impact of COVID-19 on income tax collections, further attributing to the decrease in current and other assets.

Property tax payable deferred inflows, also decreased as a result of the School District making payments on the owed.

There was a significant change in net pension/OPEB liability/asset for the School District. These fluctuations are due to changes in the actuarial liabilities/assets and related accruals that are passed through to the School District's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL/NOA and are described in more detail in their respective notes.

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In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2020 and 2019.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		
	2020	2019	Variance
<b>Revenues</b>			
<i>Program Revenues:</i>			
Charges for Services	\$ 1,271,936	\$ 1,373,959	\$ (102,023)
Operating Grants	7,915,993	6,269,968	1,646,025
Capital Grants	142,771	143,594	(823)
<i>Total Program Revenues</i>	<u>9,330,700</u>	<u>7,787,521</u>	<u>1,543,179</u>
<i>General Revenues:</i>			
Property Taxes	20,845,300	16,276,930	4,568,370
Income Taxes	8,286,477	8,490,226	(203,749)
Grants and Entitlements Not Restricted	17,710,566	19,056,861	(1,346,295)
Payments in Lieu of Taxes	19,600	19,600	0
Other	1,511,862	2,210,956	(699,094)
<i>Total General Revenues</i>	<u>48,373,805</u>	<u>46,054,573</u>	<u>2,319,232</u>
<i>Total Revenues</i>	<u>57,704,505</u>	<u>53,842,094</u>	<u>3,862,411</u>
<b>Program Expenses</b>			
Instruction:			
Regular	24,400,668	19,902,286	4,498,382
Special	7,587,594	6,045,768	1,541,826
Vocational	20,639	40,285	(19,646)
Student Intervention Services	92,334	65,674	26,660
Other	84,405	64,908	19,497
Support Services:			
Pupils	3,779,864	3,119,472	660,392
Instructional Staff	1,630,438	1,439,541	190,897
Board of Education	38,446	45,370	(6,924)
Administration	4,216,666	3,587,035	629,631
Fiscal	1,083,285	1,022,062	61,223
Business	350,667	169,666	181,001
Operation and Maintenance of Plant	6,456,999	4,271,391	2,185,608
Pupil Transportation	1,970,326	2,040,902	(70,576)
Central	1,170,837	979,425	191,412
Operation of Non-Instructional Services:			
Food Service Operations	2,105,878	1,993,403	112,475
Community Services	536,411	561,896	(25,485)
Extracurricular Activities	1,253,055	1,114,648	138,407
Debt Service:			
Interest and Fiscal Charges	3,030,258	3,132,183	(101,925)
<i>Total Expenses</i>	<u>59,808,770</u>	<u>49,595,915</u>	<u>10,212,855</u>
<i>Increase (Decrease) in Net Position</i>	<u>(2,104,265)</u>	<u>4,246,179</u>	<u>(6,350,444)</u>
<i>Net Position (deficit) at Beginning of Year</i>	<u>35,638,077</u>	<u>31,391,898</u>	<u>4,246,179</u>
<i>Net Position (deficit) at End of Year</i>	<u>\$ 33,533,812</u>	<u>\$ 35,638,077</u>	<u>\$ (2,104,265)</u>

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Due to the impact of COVID-19, the School District saw decreases in grants and entitlements due to state budget cuts. As a result, the School District received the Student Wellness and Success Funding grant, which increased operating grants. The increase in property taxes is due to the increase in valuation as a result of the completion of the Nexus Pipeline. The decrease in other revenue is due to a decrease in investment earnings from market fluctuations.

Overall, program expenses increased significantly. The changes in program expenses are primarily associated to changes in the School District's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**  
**Governmental Activities**

	Total Cost of Service		Net Cost of Service	
	2020	2019	2020	2019
Instruction:				
Regular	\$ 24,400,668	\$ 19,902,286	\$ 22,626,651	\$ 18,613,275
Special	7,587,594	6,045,768	4,683,209	3,221,648
Vocational	20,639	40,285	(34,568)	(5,304)
Student Intervention Services	92,334	65,674	92,334	65,674
Other	84,405	64,908	16,490	(36,638)
Support Services:				
Pupils	3,779,864	3,119,472	3,320,276	2,960,209
Instructional Staff	1,630,438	1,439,541	1,084,414	1,059,391
Board of Education	38,446	45,370	38,446	32,923
Administration	4,216,666	3,587,035	4,050,646	3,456,376
Fiscal	1,083,285	1,022,062	1,076,951	999,262
Business	350,667	169,666	157,008	169,666
Operation and Maintenance of Plant	6,456,999	4,271,391	6,151,004	4,230,461
Pupil Transportation	1,970,326	2,040,902	1,841,883	1,877,796
Central	1,170,837	979,425	1,102,896	931,506
Operation of Non-Instructional Services:				
Food Service Operations	2,105,878	1,993,403	170,767	118,504
Community Services	536,411	561,896	(9,808)	78,943
Extracurricular Activities	1,253,055	1,114,648	1,079,213	902,519
Debt Service:				
Interest and Fiscal Charges	3,030,258	3,132,183	3,030,258	3,132,183
<i>Total Expenses</i>	\$ 59,808,770	\$ 49,595,915	\$ 50,478,070	\$ 41,808,394

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The dependence upon general revenues for governmental activities is apparent. Over 84% of governmental activities are supported through taxes and other general revenues; such revenues are 84% of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

***Governmental Funds***

These funds are accounted for using the modified accrual basis of accounting. The net change in fund balances for the fiscal year was a decrease of \$28,061,358 for all governmental funds with the most significant decrease in the classroom facilities fund.

The general fund's net change in fund balance for fiscal year 2020 was a decrease of \$737,695. The majority of this decrease is due to expenditures consistently outpacing revenues.

The bond retirement fund's net change in fund balance for fiscal year 2020 was an increase of \$224,257. This increase is primarily due by the timing of property tax and other revenues and debt service payments due.

The classroom facilities fund's net change in fund balance for fiscal year 2020 was a decrease of \$24,487,034. This was primarily caused by the timing of expenditures for ongoing projects as compared to the drawdown of OFCC funds.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2020, the School District did not amend its general fund appropriations budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

Actual budget basis revenue of \$41,529,550 was lower than the final budgeted revenue of \$43,488,980. Most of this difference is due to market fluctuations of investment income and the federal and state income taxes deadlines being extended due to COVID-19.

Final appropriations of \$46,116,319 were higher than the actual budget basis expenditures of \$45,059,495 as cost savings were recognized for student support services throughout the year.



**Fremont City School District**  
**Sandusky County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*Unaudited*

**Capital Assets and Debt Administration**

**Capital Assets**

Table 4 shows fiscal year 2020 balances compared with 2019.

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

	Governmental Activities	
	2020	2019
Land	\$ 673,343	\$ 673,343
Construction in Progress	56,140,565	12,039,709
Land Improvements	337,740	408,400
Buildings	26,908,384	27,431,740
Equipment	753,695	874,619
Vehicles	333,173	417,628
<i>Totals</i>	<u>\$ 85,146,900</u>	<u>\$ 41,845,439</u>

The \$43,301,461 increase in capital assets was primarily attributable to additions to construction in progress for the construction of new school buildings. See Note 10 for more information about the capital assets of the School District.

**Debt**

Table 5 summarizes bonds outstanding. See Note 16 for additional details.

**Table 5**  
**Outstanding Debt at June 30**

	Governmental Activities	
	2020	2019
General Obligation Bonds:		
Various Serial/Term Bonds	\$ 71,145,000	\$ 72,110,000
Various Capital Appreciation Bonds	107,409	239,935
Accretion on Capital Appreciation Bonds	164,094	244,383
<i>Totals</i>	<u>\$ 71,416,503</u>	<u>\$ 72,594,318</u>

**Fremont City School District**  
**Sandusky County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*Unaudited*

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***Current Issues***

Current Issues! Wow, where do you go with that discussion as we are living in what has been described by the news media and our government leaders as “unprecedented times.”

The top headlines for Fremont City Schools would include:

- The State Biennium budget contained no increase for public education for fiscal years 2020 and 2021.
- The Ohio Department of Taxation ruled in favor of American Municipal Power's (AMP) appeal of their personal property values. This has been an ongoing appeal for the past 6 years. The return of tax receipts plus interest totals \$4,064,000.
- Nexus Pipeline began operations. Personal property revenues from this public utility were expected to be in excess of \$3,300,000 per year. The utility company appealed their values and is currently tender paying at 48%.
- March 2020 public schools were closed to students for the remainder of the school year due to the COVID-19 virus.
- May 2020 the State announced a reduction of funding for public education in Ohio. For the School District, this translated into a 4.27% reduction in State funding for fiscal years 2020 and 2021.

All of the above while in the middle of a 3 year building program consisting of 1) consolidation of 7 existing elementary schools into 4 new buildings and 2) a new high school.

The School District continues to provide the highest standards of service to our students, parents and community based on the financial resources available. The School District is always presented with challenges and opportunities. The pandemic, presidential election and civil unrest happening in our nation have a real impact on our local community. The Board of Education and administration are passionate in helping our children become successful as we learn how to live in this quickly changing world.

The financial future of the School District is not without its challenges, both internal and external in nature. Challenges will continue to exist as the School District must rely heavily on local property taxes to fund operations. Thus management must diligently manage expenses to stay inline with our anticipated resources.

As a result of the challenges mentioned above, it is imperative that the School District's management continue to carefully and prudently plan to provide the resources required to meet student needs over the next several years.

***Contacting the School District's Financial Management***

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Ira Hamman of Fremont City School District, 500 W. State Street, Suite A, Fremont, Ohio 43420 [treasurer@fremontschools.net](mailto:treasurer@fremontschools.net).

**Fremont City School District**  
**Sandusky County, Ohio**  
*Statement of Net Position*  
*June 30, 2020*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 51,481,911
Cash and Cash Equivalents in Segregated Accounts	2,849,167
Receivables:	
Intergovernmental	27,494,826
Income Taxes	3,293,529
Property Taxes	17,044,835
Notes	9,513
Net OPEB Asset	2,939,296
Nondepreciable Capital Assets	56,813,908
Depreciable Capital Assets (Net)	28,332,992
<i>Total Assets</i>	190,259,977
<b>Deferred Outflows of Resources</b>	
Deferred Charges on Refunding	958,208
Pension	10,014,558
OPEB	1,084,330
<i>Total Deferred Outflows of Resources</i>	12,057,096
<b>Liabilities</b>	
Accounts Payable	303,654
Accrued Wages and Benefits	3,125,022
Contracts Payable	2,760,251
Intergovernmental Payable	1,009,690
Retainage Payable	821,087
Matured Compensated Absences Payable	101,139
Accrued Interest Payable	1,409,673
Claims Payable	328,408
Long Term Liabilities:	
Due Within One Year	1,802,757
Due in More Than One Year:	
Net Pension Liability	49,477,244
Net OPEB Liability	4,401,657
Other Amounts	79,983,055
<i>Total Liabilities</i>	145,523,637
<b>Deferred Inflows of Resources</b>	
Property Taxes Levied for the Next Year	12,651,935
Property Tax Refund	2,067,834
Pension	3,368,852
OPEB	5,171,003
<i>Total Deferred Inflows of Resources</i>	23,259,624
<b>Net Position</b>	
Net Investment in Capital Assets	42,112,041
Restricted For:	
Capital Outlay	33,547,754
Debt Service	78,151
Capital Facilities Maintenance	3,035,110
Other Purposes	808,714
Unrestricted (deficit)	(46,047,958)
<i>Total Net Position</i>	\$ 33,533,812

See accompanying notes to the financial statements.

**Fremont City School District**  
**Sandusky County, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2020

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$ 24,400,668	\$ 721,896	\$ 1,044,136	\$ 7,985	\$ (22,626,651)
Special	7,587,594	32,929	2,871,456	0	(4,683,209)
Vocational	20,639	0	55,207	0	34,568
Student Intervention Services	92,334	0	0	0	(92,334)
Other	84,405	0	67,915	0	(16,490)
Support Services:					
Pupils	3,779,864	463	459,125	0	(3,320,276)
Instructional Staff	1,630,438	8,623	537,401	0	(1,084,414)
Board of Education	38,446	0	0	0	(38,446)
Administration	4,216,666	13,977	152,043	0	(4,050,646)
Fiscal	1,083,285	0	5,925	409	(1,076,951)
Business	350,667	0	193,422	237	(157,008)
Operation and Maintenance of Plant	6,456,999	902	171,288	133,805	(6,151,004)
Pupil Transportation	1,970,326	276	128,167	0	(1,841,883)
Central	1,170,837	51,741	16,200	0	(1,102,896)
Operation of Non-Instructional Services:					
Food Service Operations	2,105,878	266,538	1,668,573	0	(170,767)
Community Services	536,411	1,084	545,135	0	9,808
Extracurricular Activities	1,253,055	173,507	0	335	(1,079,213)
Debt Service:					
Interest and Fiscal Charges	3,030,258	0	0	0	(3,030,258)
<b>Total</b>	<b>\$ 59,808,770</b>	<b>\$ 1,271,936</b>	<b>\$ 7,915,993</b>	<b>\$ 142,771</b>	<b>(50,478,070)</b>
<b>General Revenues</b>					
Property Taxes Levied for:					
General Purposes					15,391,405
Debt Service					4,521,493
Capital Outlay					623,063
Classroom Facilities Maintenance					309,339
Income Taxes Levied for:					
General Purposes					8,286,477
Grants and Entitlements Not Restricted to Specific Programs					17,710,566
Payments in Lieu of Taxes					19,600
Investment Earnings					1,482,642
Miscellaneous					29,220
<b>Total General Revenues</b>					<b>48,373,805</b>
<i>Change in Net Position</i>					
					(2,104,265)
<i>Net Position Beginning of Year</i>					
					35,638,077
<i>Net Position End of Year</i>					
					<b>\$ 33,533,812</b>

See accompanying notes to the financial statements.

**Fremont City School District**  
**Sandusky County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2020*

	General Fund	Bond Retirement Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Investments	\$ 4,666,113	\$ 4,462,500	\$ 30,862,734	\$ 9,633,707	\$ 49,625,054
Cash and Cash Equivalents in Segregated Accounts	0	705,320	2,024,232	119,615	2,849,167
Receivables:					
Interfund	70,000	0	0	0	70,000
Intergovernmental	139,430	0	26,710,624	644,772	27,494,826
Income Taxes	3,293,529	0	0	0	3,293,529
Property Taxes	12,211,343	4,081,489	0	752,003	17,044,835
Notes	0	0	0	9,513	9,513
<i>Total Assets</i>	<u>\$ 20,380,415</u>	<u>\$ 9,249,309</u>	<u>\$ 59,597,590</u>	<u>\$ 11,159,610</u>	<u>\$ 100,386,924</u>
<b>Liabilities</b>					
Accounts Payable	\$ 76,008	\$ 0	\$ 0	\$ 227,646	\$ 303,654
Accrued Wages and Benefits	2,943,035	0	0	181,987	3,125,022
Contracts Payable	0	0	2,657,309	102,942	2,760,251
Intergovernmental Payable	979,839	0	0	29,851	1,009,690
Retainage Payable	0	0	821,087	0	821,087
Matured Compensated Absences Payable	85,801	0	0	15,338	101,139
Interfund Payable	0	0	0	70,000	70,000
<i>Total Liabilities</i>	<u>4,084,683</u>	<u>0</u>	<u>3,478,396</u>	<u>627,764</u>	<u>8,190,843</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes Levied for the Next Year	9,064,161	3,029,582	0	558,192	12,651,935
Property Tax Refund	1,724,560	270,746	0	72,528	2,067,834
Unavailable Revenue	1,728,837	143,347	22,129,705	200,425	24,202,314
<i>Total Deferred Inflows of Resources</i>	<u>12,517,558</u>	<u>3,443,675</u>	<u>22,129,705</u>	<u>831,145</u>	<u>38,922,083</u>
<b>Fund Balances</b>					
Nonspendable	7,867	0	0	0	7,867
Restricted	0	5,805,634	33,989,489	9,870,857	49,665,980
Committed	147,978	0	0	0	147,978
Assigned	3,621,705	0	0	0	3,621,705
Unassigned (deficit)	624	0	0	(170,156)	(169,532)
<i>Total Fund Balances</i>	<u>3,778,174</u>	<u>5,805,634</u>	<u>33,989,489</u>	<u>9,700,701</u>	<u>53,273,998</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 20,380,415</u>	<u>\$ 9,249,309</u>	<u>\$ 59,597,590</u>	<u>\$ 11,159,610</u>	<u>\$ 100,386,924</u>

See accompanying notes to the financial statements.

**Fremont City School District**  
**Sandusky County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*June 30, 2020*

<b>Total Governmental Fund Balances</b>		\$ 53,273,998
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		85,146,900
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Intergovernmental	\$ 22,443,149	
Income Taxes	1,160,531	
Property Taxes	598,634	24,202,314
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		1,528,449
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(1,409,673)
The net pension liability and OPEB asset/liability are not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Net OPEB Asset	2,939,296	
Deferred Outflows - Pension	10,014,558	
Deferred Outflows - OPEB	1,084,330	
Net Pension Liability	(49,477,244)	
Net OPEB Liability	(4,401,657)	
Deferred Inflows - Pension	(3,368,852)	
Deferred Inflows - OPEB	(5,171,003)	(48,380,572)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(71,145,000)	
Capital Appreciation Bonds	(107,409)	
Accretion of Interest - Capital Appreciation Bonds	(164,094)	
Bond Premium	(5,663,110)	
Unamortized Gain on Refunding - Deferred charges	958,208	
Compensated Absences	(4,706,199)	(80,827,604)
<i>Net Position of Governmental Activities</i>		<b>\$ 33,533,812</b>

See accompanying notes to the financial statements.

**Fremont City School District**  
**Sandusky County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
For the Fiscal Year Ended June 30, 2020

	General Fund	Bond Retirement Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property and Other Local Taxes	\$ 15,330,425	\$ 4,496,032	\$ 0	\$ 918,157	\$ 20,744,614
Income Taxes	7,732,684	0	0	0	7,732,684
Intergovernmental	19,313,160	215,698	16,967,871	6,116,518	42,613,247
Investment Income	497,285	0	985,357	58,263	1,540,905
Tuition and Fees	693,410	0	0	0	693,410
Extracurricular Activities	70,432	0	0	173,960	244,392
Rentals	17,259	0	0	0	17,259
Payments in Lieu of Taxes	19,600	0	0	0	19,600
Charges for Services	48,528	0	0	268,347	316,875
Contributions and Donations	2,099	0	0	0	2,099
Miscellaneous	23,845	0	0	5,375	29,220
<i>Total Revenues</i>	<u>43,748,727</u>	<u>4,711,730</u>	<u>17,953,228</u>	<u>7,540,620</u>	<u>73,954,305</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	21,879,718	0	0	1,063,553	22,943,271
Special	6,222,953	0	0	1,088,291	7,311,244
Vocational	14,557	0	0	0	14,557
Student Intervention Services	91,714	0	0	0	91,714
Other	0	0	0	64,493	64,493
Support Services:					
Pupils	3,195,986	0	0	425,385	3,621,371
Instructional Staff	1,026,422	0	0	476,676	1,503,098
Board of Education	38,446	0	0	0	38,446
Administration	3,797,353	0	0	132,935	3,930,288
Fiscal	933,219	88,173	0	23,916	1,045,308
Business	137,154	0	0	199,467	336,621
Operation and Maintenance of Plant	3,393,385	0	0	272,344	3,665,729
Pupil Transportation	1,775,248	0	0	3,920	1,779,168
Central	1,094,452	0	0	13,669	1,108,121
Extracurricular Activities	884,963	0	0	169,324	1,054,287
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	1,978,789	1,978,789
Community Services	852	0	0	512,963	513,815
Capital Outlay	0	0	42,440,262	4,175,781	46,616,043
Debt Service:					
Principal Retirement	0	1,097,526	0	0	1,097,526
Interest and Fiscal Charges	0	3,301,774	0	0	3,301,774
<i>Total Expenditures</i>	<u>44,486,422</u>	<u>4,487,473</u>	<u>42,440,262</u>	<u>10,601,506</u>	<u>102,015,663</u>
<i>Net Change in Fund Balance</i>	(737,695)	224,257	(24,487,034)	(3,060,886)	(28,061,358)
<i>Fund Balances Beginning of Year</i>	4,515,869	5,581,377	58,476,523	12,761,587	81,335,356
<i>Fund Balances End of Year</i>	<u>\$ 3,778,174</u>	<u>\$ 5,805,634</u>	<u>\$ 33,989,489</u>	<u>\$ 9,700,701</u>	<u>\$ 53,273,998</u>

See accompanying notes to the financial statements.

**Fremont City School District**  
**Sandusky County, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2020*

<b>Net Change in Fund Balances - Total Governmental Funds</b>		<b>\$ (28,061,358)</b>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 44,126,406	
Current Year Depreciation	<u>(824,945)</u>	43,301,461
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	(16,904,279)	
Income Taxes	553,793	
Property Taxes	<u>100,686</u>	(16,249,800)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	1,097,526	
Accreted Interest on Capital Appreciation Bonds	<u>202,474</u>	1,300,000
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	10,153	
Amortization of Premium on Bonds	287,161	
Amortization of Refunding Loss	<u>(106,087)</u>	191,227
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	3,729,802	
OPEB	<u>79,460</u>	3,809,262
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(7,306,801)	
OPEB	<u>629,960</u>	(6,676,841)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		701,827
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences		(297,858)
Accretion on capital appreciation bonds is an expenditure in the governmental funds, but is allocated as an expense over the life of the bonds.		
		<u>(122,185)</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$ (2,104,265)</u></u>

See accompanying notes to the financial statements.



**Fremont City School District**  
**Sandusky County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Bases) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2020*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues and Other Financing Sources	\$ 43,488,980	\$ 43,488,980	\$ 41,529,550	\$ (1,959,430)
Expenditures and Other Financing Uses	46,116,319	46,116,319	45,059,495	1,056,824
<i>Net Change in Fund Balance</i>	(2,627,339)	(2,627,339)	(3,529,945)	(902,606)
<i>Fund Balance Beginning of Year</i>	6,425,727	6,425,727	6,425,727	0
Prior Year Encumbrances Appropriated	428,673	428,673	428,673	0
<i>Fund Balance End of Year</i>	<u>\$ 4,227,061</u>	<u>\$ 4,227,061</u>	<u>\$ 3,324,455</u>	<u>\$ (902,606)</u>

See accompanying notes to the financial statements.

**Fremont City School District**  
**Sandusky County, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Fund*  
*June 30, 2020*

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	<u>Governmental Activities - Internal Service Fund</u>
<b>Assets</b>	
Equity in Pooled Cash and Investments	<u>\$ 1,856,857</u>
<b>Liabilities</b>	
Claims Payable	<u>328,408</u>
<b>Net Position</b>	
Unrestricted	<u><u>\$ 1,528,449</u></u>

See accompanying notes to the financial statements.

**Fremont City School District**  
**Sandusky County, Ohio**  
*Statement of Revenues, Expenses, and Changes in Fund Net Position*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2020*

	Governmental Activities - Internal Service Fund
<b>Operating Revenues</b>	
Charges for Services	\$ 5,685,099
Other	939,371
<i>Total Operating Revenues</i>	6,624,470
<b>Operating Expenses</b>	
Purchased Services	1,156,896
Claims	4,765,747
<i>Total Operating Expenses</i>	5,922,643
<i>Operating Income (Loss)</i>	701,827
<i>Net Position Beginning of Year</i>	826,622
<i>Net Position End of Year</i>	\$ 1,528,449

See accompanying notes to the financial statements.

**Fremont City School District**  
**Sandusky County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Fund*  
For the Fiscal Year Ended June 30, 2020

	<u>Governmental Activities - Internal Service Fund</u>
<b>Cash Flows From Operating Activities</b>	
Cash Received for Charges for Services	\$ 5,685,099
Cash Received from Other Operating Sources	939,371
Cash Payments to Suppliers for Goods and Services	(1,027,452)
Cash Payments for Claims	(4,848,829)
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>748,189</u>
<i>Net Increase (Decrease) in Cash and Investments</i>	748,189
<i>Cash and Investments, Beginning of Year</i>	<u>1,108,668</u>
<i>Cash and Investments, End of Year</i>	<u><u>\$ 1,856,857</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities</b>	
Operating Income (Loss)	\$ 701,827
(Increase) Decrease Assets:	
Intergovernmental Receivable	129,444
Increase (Decrease) in Liabilities:	
Claims Payable	(83,082)
<i>Total Adjustments</i>	<u>46,362</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u><u>\$ 748,189</u></u>

See accompanying notes to the financial statements.

**Fremont City School District**  
**Sandusky County, Ohio**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*June 30, 2020*

	Private Purpose Trust	Agency
<b>Assets</b>		
Equity in Pooled Cash and Investments	\$ 69,091	\$ 129,152
Cash and Cash Equivalents with Segregated Accounts	262,344	0
<i>Total Assets</i>	331,435	\$ 129,152
<b>Liabilities</b>		
Accounts Payable	0	\$ 3,197
Undistributed Monies	0	38,297
Due to Students	0	87,658
<i>Total Liabilities</i>	0	\$ 129,152
<b>Net Position</b>		
Held in Trust for Scholarships	\$ 331,435	

See accompanying notes to the financial statements.

**Fremont City School District**  
**Sandusky County, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2020*

	Private Purpose Trust
<b>Additions</b>	
Interest	\$ 1,883
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	9,800
<i>Change in Net Position</i>	(7,917)
<i>Net Position Beginning of Year</i>	339,352
<i>Net Position End of Year</i>	\$ 331,435

See accompanying notes to the financial statements.

**Fremont City School District**  
**Sandusky County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**NOTE 1: NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY**

Fremont City School District (the “School District”) is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected board form of government consisting of five members elected at-large for staggered four-year terms. The School District provides educational services as authorized by state statute and federal guidelines.

The School District was established in 1968 through the consolidation of existing land areas and school districts. The School District serves an area of approximately one hundred sixty-two square miles. It is located in central Sandusky County, including all of the City of Fremont and portions of surrounding townships. It is staffed by 183 classified employees, 303 certified teaching personnel, including 41 administrative employees who provide services to students and other community members. The School District currently operates seven elementary schools, a middle school, and a comprehensive high school.

***Reporting Entity***

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

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

The following activity is included within the School District’s reporting entity:

Parochial Schools - Within the School District boundaries, Bishop Hoffman Catholic Schools are operated through the Toledo Catholic Diocese. Current state legislation provides funding to these parochial schools. The monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools. This activity is reflected in a special revenue fund for financial reporting purposes by the School District.

The School District participates in three jointly governed organizations. These organizations are the Northern Ohio Educational Computer Association, the Vanguard-Sentinel Career Center and the Ohio Schools Council. These organizations are presented in Note 18 to the basic financial statements.

**Fremont City School District**  
**Sandusky County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***Basis of Presentation***

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

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

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

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

***Fund Accounting***

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

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



**Fremont City School District**  
**Sandusky County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

**Bond Retirement Fund** - The bond retirement fund is used to account for the accumulation of property tax revenues restricted for the payment of the general obligation bonds used for the construction and improvements of school buildings and facilities.

**Classroom Facilities Fund** - The classroom facilities fund is used to account for monies received and expended in connection with contracts entered into by the School District and the Ohio Facilities Construction Commission for the building and equipping of classroom facilities.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

**Proprietary Fund** - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The School District reports one type of proprietary fund:

**Internal Service Fund** - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's Self Insurance internal service fund accounts for the activities of the program for employee health care benefits and workers' compensation.

**Fiduciary Funds** - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support the School District's own programs. The School District's private purpose trust funds account for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for various staff-managed and student-managed activities, a flex spending account, and for money temporarily held for Ohio High School Athletic Association (OHSAA) tournaments.

**Measurement Focus**

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

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

**Fremont City School District**  
**Sandusky County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

***Basis of Accounting***

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

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

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

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

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources 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 School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, for pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, property tax refund, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is

**Fremont City School District**  
**Sandusky County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. On January 15, 2014, American Municipal Power, Inc (a public utility company) filed a petition for a reassessment of public utility property tax values with the Ohio Department of Taxation for the Return Year 2013. Sandusky County has determined a repayment of taxes in the amount of \$4,064,490 based on a claim awarded in the favor of American Municipal Power, Inc. This amount is recorded as a property tax refund deferred inflow in the accompanying financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue may include delinquent property taxes, income taxes, grants and entitlements and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13).

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

***Budgetary Process***

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

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

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

**Fremont City School District**  
**Sandusky County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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***Cash and Investments***

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “equity in pooled cash and investments” on the financial statements.

During the fiscal year investments were limited to negotiable certificates of deposit, instruments of government sponsored mortgage-backed securities, U.S. Treasury bonds and money markets.

During fiscal year 2020, the School District also invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2020, 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 \$50 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

All interest is legally required to be placed in the general fund, and other funds as approved by a Board resolution. Interest revenue credited to the general fund during fiscal year 2020 amount to \$497,285, which includes \$341,043 assigned from other School District funds.

Investments of the School District’s cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

***Capital Assets***

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

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

**Fremont City School District**  
**Sandusky County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

Description	Estimated Lives
Land Improvements	5 - 7 Years
Buildings	5 - 75 Years
Equipment	3 - 25 Years
Vehicles	4 - 15 Years

***Interfund Balances***

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

***Compensated Absences***

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District’s past experience of making termination payments. The entire compensated absences liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “matured compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid.

***Pensions and Other Postemployment Benefits (OPEB)***

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pension/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.

**Fremont City School District**  
**Sandusky County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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***Accrued Liabilities and Long-Term Obligations***

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

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

***Net Position***

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. At June 30, 2020, none of the School District's net position was restricted for enabling legislation.

The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

***Fund Balance***

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

*Nonspendable*- fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, unless the use of the proceeds from the collection of those receivables is restricted, committed, or assigned.

*Restricted*- fund balance category includes amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

*Committed*- fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts.

**Fremont City School District**  
**Sandusky County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned-* fund balance classifications are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. The purpose constraint that represents the intended use is established by the Board of Education or by their designated official. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District or by State statute. The Treasurer is authorized to assign fund balance using encumbrances for planned purchases, provided such amounts have been lawfully appropriated. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

***Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services in the internal service fund. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the proprietary fund. All revenues and expenses not meeting this definition are reported as non-operating.

***Interfund Activity***

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

***Estimates***

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

**Fremont City School District**  
**Sandusky County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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***Implementation of New Accounting Principles***

For the fiscal year ended June 30, 2020, the School District implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 95 postpones the effective dates of certain provisions in the statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following statements are postponed by one year:

- Statement No. 84, *Fiduciary Activities*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*

Certain provisions in the following statements are postponed by one year:

- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following statement is postponed by 18 months:

- Statement No. 87, *Leases*

For the fiscal year ended June 30, 2020, the School District also implemented paragraphs 4 and 5 of Governmental Accounting Standards Board Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Paragraph 4 increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a government board typically would perform and paragraph 5 mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements. The implementation of paragraphs 4 and 5 of this Statement did not have an effect on the financial statements of the School District.

For the fiscal year ended June 30, 2020, the School District has early implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, and GASB Statement No. 92 *Omnibus 2020*.

GASB Statement No. 89 requires that interest costs incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the School District.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the School District.



**Fremont City School District**  
**Sandusky County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

**NOTE 3: FUND BALANCES**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds.

The constraints placed on the fund balance for the major governmental funds and all the other governmental funds are presented below:

	General Fund	Bond Retirement Fund	Classroom Facilities Fund	Other Governmental Funds	Total
Nonspendable for:					
Unclaimed Monies	\$ 7,867	\$ 0	\$ 0	\$ 0	\$ 7,867
Restricted for:					
Food Service	0	0	0	0	0
Athletics and Music	0	0	0	321,054	321,054
Facilities Maintenance	0	0	0	3,035,110	3,035,110
Scholarships and Awards	0	0	0	175,027	175,027
Parochial Schools	0	0	0	29,228	29,228
Debt Service	0	5,805,634	0	0	5,805,634
Capital Improvements	0	0	33,989,489	6,012,999	40,002,488
Other Purposes	0	0	0	297,439	297,439
<b>Total Restricted</b>	<b>0</b>	<b>5,805,634</b>	<b>33,989,489</b>	<b>9,870,857</b>	<b>49,665,980</b>
Committed to:					
Underground Storage Tanks	11,000	0	0	0	11,000
Capital Improvements	136,978	0	0	0	136,978
<b>Total Committed</b>	<b>147,978</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>147,978</b>
Assigned for:					
Public School Support	469,348	0	0	0	469,348
Encumbrances:					
Instruction	292,991	0	0	0	292,991
Support Services	385,958	0	0	0	385,958
Extracurricular	7,378	0	0	0	7,378
Subsequent Year Appropriations	2,466,030	0	0	0	2,466,030
<b>Total Assigned</b>	<b>3,621,705</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,621,705</b>
Unassigned (deficit)	624	0	0	(170,156) *	(169,532)
<b>Total Fund Balance</b>	<b>\$ 3,778,174</b>	<b>\$ 5,805,634</b>	<b>\$33,989,489</b>	<b>\$ 9,700,701</b>	<b>\$ 53,273,998</b>

\*At June 30, 2020 the Food Service special revenue fund and the Permanent Improvement capital projects fund had a deficit fund balances of \$20,601 and \$149,555, respectively. The deficit fund balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficits in these nonmajor governmental funds and provides transfers when cash is required, not when accruals occur.

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**NOTE 4: BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as assigned, committed or restricted fund balance (GAAP).
4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

<b>Net Change in Fund Balance</b>	
GAAP Basis	\$ (737,695)
Net Adjustment for Revenue Accruals	(2,046,611)
Net Adjustment for Expenditure Accruals	4,850
Funds Budgeted Elsewhere	28,495
Adjustment for Encumbrances	<u>(778,984)</u>
Budget Basis	<u><u>\$ (3,529,945)</u></u>

\*\* As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes rotary fund-special services, internal services rotary, unclaimed funds, underground storage tanks and public school support funds.

**NOTE 5: DEPOSITS AND INVESTMENTS**

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

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

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

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

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

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the School District and the investment is not a commercial paper note, a banker's acceptance or a repurchase agreement:

1. United States Treasury bills, notes, bonds, or any other obligations or securities 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, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements for a period not to exceed thirty days in 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;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Commercial paper notes, limited to 40 percent (5 percent for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed 270 days; and
8. Bankers' acceptances, limited to 40 percent of the interim monies available for investment at any one time and for a period not to exceed 180 days.

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Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Deposits** - At year-end, \$5,389,414 of the School District’s bank balance of \$6,139,414 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions’ trust department in the School District’s name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

**Custodial Credit Risk** Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party.

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

- Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Segregated Cash** - The School District has accounts for an OFCC project, a special trust and an endowment private purpose trust. The carrying amount of these deposits are reported as “Cash and Cash Equivalents in Segregated Accounts.”

**Investments**

As of June 30, 2020, the School District had the following investments and maturities:

Rating	Investment	Measurement Amount	Investment Maturities (in years)			% Total Investments
			Less than 1	1 - 3	Over 3	
	Net Asset Value:					
AAAm	STAR Ohio	\$ 35,276,428	\$35,276,428	\$ 0	\$ 0	72.4%
	Fair Value:					
N/A	Negotiable Certificates of Deposit	4,154,124	2,227,841	1,674,163	252,120	8.5%
N/A	Money Market	6,515,506	6,515,506	0	0	13.4%
AA+	U.S. Treasury Bonds	2,002,400	2,002,400	0	0	4.1%
AA+	Federal Farm Credit	801,544	0	801,544	0	1.6%
	Totals	<u>\$ 48,750,002</u>	<u>\$ 46,022,175</u>	<u>\$ 2,475,707</u>	<u>\$ 252,120</u>	<u>100.0%</u>

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The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2020. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

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

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2020, is 42 days.

**Credit Risk** The School District's investments at June 30, 2020 are rated as shown above by S&P Global Ratings. Federal money markets are exempt from ratings since they are explicitly guaranteed by a U.S. Government Agency. The School District's policy on Credit Risk allows only for those investments as stated within the Ohio Revised Code.

**Concentration of Credit Risk** The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

**NOTE 6: RECEIVABLES**

Receivables at June 30, 2020 consisted of intergovernmental, income taxes, property taxes, interfund, and notes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

**NOTE 7: INCOME TAXES**

The School District levies a voted tax of 1.25 percent for general operations on the income of residents and of estates. The tax was renewed on January 1, 2019 and will continue for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

**NOTE 8: PROPERTY TAXES**

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

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Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2020 represents collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2020 represents collections of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien December 31, 2018, were levied after April 1, 2019 and are collected in 2020 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Sandusky County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2020, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

The assessed values upon which the fiscal year 2020 taxes were collected are:

	2019 Second Half Collections		2020 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 572,308,600	89.14%	\$ 577,135,310	80.37%
Public Utility Personal Property	69,721,620	10.86%	140,937,190	19.63%
	<u>\$ 642,030,220</u>	<u>100.00%</u>	<u>\$ 718,072,500</u>	<u>100.00%</u>
Tax rate per \$1,000 assessed valuation	<u>\$ 39.98</u>		<u>\$ 39.98</u>	

On May 2, 2017, a new levy was passed for 4.63 mills for the purpose of the School District constructing and renovating school facilities. The levy will be collected throughout the 37 year life of the bonds that the School District issued for the improvements.

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**NOTE 9: TAX ABATEMENTS**

The School District's property taxes were reduced by \$232,178 under the community reinvestment area and enterprise zone agreements entered into by overlapping governments.

**NOTE 10: CAPITAL ASSETS**

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

	Balance 6/30/2019	Additions	Reductions	Balance 6/30/2020
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 673,343	\$ 0	\$ 0	\$ 673,343
Construction In Progress	12,039,709	44,100,856	0	56,140,565
Total Capital Assets, not being depreciated	<u>12,713,052</u>	<u>44,100,856</u>	<u>0</u>	<u>56,813,908</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,024,471	0	0	1,024,471
Buildings	37,849,533	0	0	37,849,533
Equipment	2,609,272	20,050	(16,805)	2,612,517
Vehicles	3,101,646	5,500	0	3,107,146
Total Capital Assets, being depreciated	<u>44,584,922</u>	<u>25,550</u>	<u>(16,805)</u>	<u>44,593,667</u>
Less Accumulated Depreciation:				
Land Improvements	(616,071)	(70,660)	0	(686,731)
Buildings	(10,417,793)	(523,356)	0	(10,941,149)
Equipment	(1,734,653)	(140,974)	16,805	(1,858,822)
Vehicles	(2,684,018)	(89,955)	0	(2,773,973)
Total Accumulated Depreciation	<u>(15,452,535)</u>	<u>(824,945)</u>	<u>16,805</u>	<u>(16,260,675)</u>
Total Capital Assets being depreciated, net	<u>29,132,387</u>	<u>(799,395)</u>	<u>0</u>	<u>28,332,992</u>
Governmental Activities Capital Assets, net	<u>\$ 41,845,439</u>	<u>\$ 43,301,461</u>	<u>\$ 0</u>	<u>\$ 85,146,900</u>

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Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	\$	363,305
Special		32,539
Vocational		6,082
Support Services:		
Pupil		4,104
Instructional Staff		14,765
Administration		5,645
Operation and Maintenance of Plant		132,049
Pupil Transportation		91,145
Operation of Non-Instructional Services:		
Food Service Operations		57,568
Extracurricular Activities		<u>117,743</u>
Total Depreciation	\$	<u>824,945</u>

**NOTE 11: RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties.

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The School District offers medical, prescription drug, vision and dental insurance to all employees through a partially self-insured program of the School District makes payments to the Self Insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The School District carries a a stop loss insurance policy for claims in excess of \$160,000 per individual annually and unlimited per individual, per lifetime.

Settled claims have not exceeded this coverage for the past three years. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, *Risk Financing Omnibus*, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payable at June 30, 2020 were estimated by the third party administrator at \$328,408.



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The changes in the claims liability for the past two fiscal years are as follow:

	Balance	Current	Claim	Balance
	July 1	Year Claims	Payments	June 30
2019	\$ 135,938	\$ 5,105,337	\$ 4,829,785	\$ 411,490
2020	\$ 411,490	\$ 4,765,747	\$ 4,848,829	\$ 328,408

**NOTE 12: DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Net OPEB Liability (Asset)***

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

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

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

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

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

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The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

***Plan Description - School Employees Retirement System (SERS)***

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2020.

The School District’s contractually required contribution to SERS was \$795,245 for fiscal year 2020. Of this amount, \$896 is reported as an intergovernmental payable.

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***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients’ base benefit and past cost-of living increases are not affected by this change. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Retirement eligibility for reduced benefits will be five years of service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 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 or later.

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.

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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 the fiscal year ended June 30, 2020, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$2,934,557 for fiscal year 2020. Of this amount, \$480,850 is reported as an intergovernmental payable.

***Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions***

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.17100240%	0.17746750%	
Prior Measurement Date	0.17341040%	0.17594956%	
Change in Proportionate Share	-0.00240800%	0.00151794%	
Proportionate Share of the Net			
Pension Liability	\$ 10,231,373	\$ 39,245,871	\$ 49,477,244
Pension Expense	\$ 1,541,085	\$ 5,765,716	\$ 7,306,801

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School District's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

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At June 30, 2020 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between Expected and			
Actual Experience	\$ 259,446	\$ 319,526	\$ 578,972
Changes of Assumptions	0	4,610,185	4,610,185
Changes in Proportion and Differences between			
School District Contributions and Proportionate			
Share of Contributions	14,973	1,080,626	1,095,599
School District Contributions Subsequent to the			
Measurement Date	795,245	2,934,557	3,729,802
<b>Total Deferred Outflows of Resources</b>	<u>\$ 1,069,664</u>	<u>\$ 8,944,894</u>	<u>\$ 10,014,558</u>

<b>Deferred Inflows of Resources</b>			
Differences between Expected and			
Actual Experience	\$ 0	\$ 169,887	\$ 169,887
Net Difference between Projected and			
Actual Earnings on Pension Plan Investments	131,329	1,918,127	2,049,456
Changes in Proportion and Differences between			
School District Contributions and Proportionate			
Share of Contributions	111,423	1,038,086	1,149,509
<b>Total Deferred Inflows of Resources</b>	<u>\$ 242,752</u>	<u>\$ 3,126,100</u>	<u>\$ 3,368,852</u>

\$3,729,802 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	\$ 219,049	\$ 2,470,053	\$ 2,689,102
2022	(253,126)	675,866	422,740
2023	(8,738)	(529,842)	(538,580)
2024	74,482	268,160	342,642
	<u>\$ 31,667</u>	<u>\$ 2,884,237</u>	<u>\$ 2,915,904</u>

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***Actuarial Assumptions - SERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2035.

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, 2019, are presented below:

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

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

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

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

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The asset allocation, as used in the June 30, 2015 five-year experience study, is summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

**Discount Rate** Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the School District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 14,337,812	\$ 10,231,373	\$ 6,787,611

**Actuarial Assumptions - STRS**

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

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Projected Payroll Growth	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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

The actuarial assumptions used in the July 1, 2019 valuation, were based on the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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

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

\*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

**Discount Rate.** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table represents the School District's proportionate share of the net pension liability as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:



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	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 57,353,469	\$ 39,245,871	\$ 23,916,863

**NOTE 13: DEFINED BENEFIT OPEB PLANS**

See Note 12 for a description of the net OPEB liability (asset).

***Plan Description - School Employees Retirement System (SERS)***

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the School District's surcharge obligation was \$79,460, which is reported as an intergovernmental payable.

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***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](http://www.strsoh.org) or by calling (888) 227-7877.

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

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

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.17503080%	0.17746750%	
Prior Measurement Date	0.17587080%	0.17594956%	
Change in Proportionate Share	-0.00084000%	0.00151794%	
 Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 4,401,657	\$ (2,939,296)	\$ 1,462,361
OPEB Expense	\$ 130,620	\$ (760,580)	\$ (629,960)

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At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 64,614	\$ 266,471	\$ 331,085
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	10,564	0	10,564
Changes of Assumptions	321,492	61,783	383,275
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	36,560	243,386	279,946
School District Contributions Subsequent to the Measurement Date	79,460	0	79,460
<b>Total Deferred Outflows of Resources</b>	<b>\$ 512,690</b>	<b>\$ 571,640</b>	<b>\$ 1,084,330</b>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 967,015	\$ 149,541	\$ 1,116,556
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	0	184,606	184,606
Changes of Assumptions	246,655	3,222,596	3,469,251
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	39,214	361,376	400,590
<b>Total Deferred Inflows of Resources</b>	<b>\$ 1,252,884</b>	<b>\$ 3,918,119</b>	<b>\$ 5,171,003</b>

\$79,460 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2021. 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:			
2021	\$ (260,648)	\$ (712,793)	\$ (973,441)
2022	(126,881)	(712,791)	(839,672)
2023	(123,781)	(638,804)	(762,585)
2024	(124,286)	(612,846)	(737,132)
2025	(125,050)	(657,660)	(782,710)
Thereafter	(59,008)	(11,585)	(70,593)
	<b>\$ (819,654)</b>	<b>\$ (3,346,479)</b>	<b>\$ (4,166,133)</b>

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***Actuarial Assumptions - SERS***

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate	
Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.70 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 4.75 percent

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2029. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e., municipal bond rate).

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.22 percent) and higher (4.22 percent) than the current discount rate (3.22 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

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	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 5,342,782	\$ 4,401,657	\$ 3,653,360

  

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 3,526,623	\$ 4,401,657	\$ 5,562,626

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	5.87 percent	4.00 percent
Medicare	4.93 percent	4.00 percent
Prescription Drug		
Pre-Medicare	7.73 percent	4.00 percent
Medicare	9.62 percent	4.00 percent

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

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

The actuarial assumptions used in the June 30, 2019 valuation, were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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

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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 %	

\*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2019.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB liability as of June 30, 2019, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (2,508,104)	\$ (2,939,296)	\$ (3,301,828)
		Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (3,333,027)	\$ (2,939,296)	\$ (2,457,071)

**Fremont City School District**  
**Sandusky County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**NOTE 14: OTHER EMPLOYEE BENEFITS**

***Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Administrators and classified employees earn five to twenty five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of unlimited days for administrators, supervisors, and classified supervisors; two hundred forty-four days for teachers and school calendar employees; and two hundred sixty days for full-time classified employees. Upon retirement, payment is made for one half of accrued, but unused sick leave credit to a maximum of fifty-three days for teachers and thirty-five to seventy days for classified employees, depending on various incentives and years of service. Payment for administrators, supervisors, and classified supervisors is made for one half up to fifty-three days or more with certain incentives.

***Health Care Benefits***

The School District provides medical, prescription drug, vision and dental insurance benefits to all employees through a partially self-insured program.

***Special Termination Benefits***

The School District offers a special termination benefit to employees in the first year they are eligible to retire from their respective retirement system. The benefit is available to certified employees who have five or more years of consecutive service and retire from STRS and to classified employees who have seventeen or more years of consecutive service with Fremont City Schools. The bonus of twenty days calculated at the employee's daily rate at the time of retirement with a minimum guarantee of \$6,000, will be paid after January 1 and before March 31 of the year following retirement for certified employees and within sixty days of retirement acceptance for classified employees. The bonus carries a provision that classified employees must also have accrued in excess of one hundred fifty days of unused sick leave at the time of retirement.

**NOTE 15: Interfund Balances**

At June 30, 2020, the general fund had an interfund receivable in the amount of \$70,000 from the food service fund, as reported on the fund statement.

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances were interfund loans which were not repaid in the current fiscal year, however expected to be repaid in the next fiscal year.



**Fremont City School District**  
**Sandusky County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

**NOTE 16: LONG-TERM OBLIGATIONS**

Changes in the School District's long-term obligations during fiscal year 2020 were as follows:

	Balance 6/30/2019	Additions	Reductions	Balance 6/30/2020	Amounts Due in One Year
<b>Governmental Activities:</b>					
General Obligation Bonds:					
2015 Refunding Bonds					
Serial and Term Bonds	\$ 7,055,000	\$ 0	\$ 0	\$ 7,055,000	\$ 0
Capital Appreciation Bonds	239,935	0	(132,526)	107,409	107,409
Accretion on Bonds	244,383	122,185	(202,474)	164,094	164,094
Unamortized Premium	645,552	0	(63,896)	581,656	0
2016 Refunding Bonds					
Serial and Term Bonds	7,085,000	0	(285,000)	6,800,000	295,000
Unamortized Premium	689,729	0	(69,432)	620,297	0
2017 General Obligation Bonds					
Serial and Term Bonds	57,970,000	0	(680,000)	57,290,000	690,000
Unamortized Premium	4,614,990	0	(153,833)	4,461,157	0
Total General Obligation Bonds	<u>78,544,589</u>	<u>122,185</u>	<u>(1,587,161)</u>	<u>77,079,613</u>	<u>1,256,503</u>
Net Pension Liability	48,618,893	858,351	0	49,477,244	0
Net OPEB Liability	4,879,131	0	(477,474)	4,401,657	0
Compensated Absences	<u>4,408,341</u>	<u>828,630</u>	<u>(530,772)</u>	<u>4,706,199</u>	<u>546,254</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 136,450,954</u>	<u>\$ 1,809,166</u>	<u>\$ (2,595,407)</u>	<u>\$ 135,664,713</u>	<u>\$ 1,802,757</u>

During fiscal year 2009, the School District issued \$9,134,991 in general obligation bonds with a maturity date of July 15, 2037. The bonds are a combination of serial, term and capital appreciation bonds. The interest rates vary between 3% and 3.125% for serial bonds, 3.875%-4.75% for term bonds and 19.446% for capital appreciation bonds. The remaining capital appreciation bond matured in fiscal year 2017 with a par value of \$250,000. The bonds will be used to finance construction and improvements of school buildings and facilities.

During fiscal year 2009, the School District issued \$9,499,877 in general obligation bonds with a maturity date of July 15, 2037. The bonds are a combination of serial, term and capital appreciation bonds. The interest rates vary between 3% and 4.5% for serial bonds, 5% for term bonds and 18.80% for capital appreciation bonds. The capital appreciation bonds matured in fiscal years 2017 and 2018 with par values of \$255,000 and \$260,000 respectively. The bonds will be used to finance construction and improvements of school buildings and facilities.

The School District refunded the 2009A and 2009B School Facilities bonds discussed above to reduce their total debt service payments and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$638,442 and \$714,593, respectively.

**Fremont City School District**  
**Sandusky County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

On December 1, 2015, the School District issued \$7,499,935 in general obligation bonds with interest rates ranging from 1% to 4% for serial and term bonds and 23.81% for capital appreciation bonds to advance refund \$7,500,000 of outstanding 2009B School Facilities bonds with an average interest rate of 4.82%. The bond proceeds consisted of bond principal and \$909,837 of premium. The net proceeds of \$8,451,014 (after payment of \$135,270 in underwriting fees, insurance, and other issuance costs) was deposited into an irrevocable trust with an escrow agent to provide for future debt service payments of the portion of 2009B School Facilities refunded. As a result of this issue, a portion of the 2009B School Facilities bonds are considered to be redeemed and the liability has been removed. The old debt was called on January 15, 2019, and the debt was repaid.

On March 15, 2016, the School District issued \$7,165,000 in general obligation bonds with interest rates ranging from 2% to 4% for serial and term bonds to advance refund \$7,235,000 of outstanding 2009A School Facilities bonds with an average interest rate of 4.57%. The bond proceeds consisted of bond principal and \$980,223 of premium. The net proceeds of \$8,020,619 (after payment of \$124,604 in underwriting fees, insurance, and other issuance costs) was deposited into an irrevocable trust with an escrow agent to provide for future debt service payments of the portion of 2009A School Facilities refunded. As a result of this issue, a portion of the 2009A School Facilities bonds are considered to be redeemed and the liability has been removed. The old debt was called on January 15, 2019, and the debt was repaid.

In July 2017, the School District issued \$58,635,000 in serial and term general obligation bonds. The bonds were issued for the purpose of constructing and renovating school facilities. The interest rate of the bonds varies between 2 and 5 percent. The bonds mature in fiscal year 2055. These bonds were issued with a premium of \$4,922,656, which is reported as an increase to bonds payable.

General obligation bonds will be repaid from the debt service fund. Compensated absences will be paid primarily from the general fund but also the food service fund and grant funds. There is no repayment schedule for the net pension liability and net OPEB asset/liability; however, employer pension and OPEB contributions are primarily made from the General Fund. For additional information related to the net pension liability and net OPEB asset/liability see Notes 12 and 13.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2020, were as follows:

Fiscal Year Ending June 30,	General Obligation Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Interest/Accretion
2021	\$ 985,000	\$ 3,045,533	\$ 107,409	\$ 232,591	\$ 1,092,409	\$ 3,278,124
2022	1,355,000	3,053,000	0	0	1,355,000	3,053,000
2023	1,400,000	3,005,200	0	0	1,400,000	3,005,200
2024	1,455,000	2,955,800	0	0	1,455,000	2,955,800
2025	1,505,000	2,904,450	0	0	1,505,000	2,904,450
2026-2030	8,485,000	13,606,200	0	0	8,485,000	13,606,200
2031-2035	10,525,000	11,623,975	0	0	10,525,000	11,623,975
2036-2040	9,485,000	9,273,500	0	0	9,485,000	9,273,500
2041-2045	9,305,000	7,161,750	0	0	9,305,000	7,161,750
2046-2050	11,915,000	4,613,600	0	0	11,915,000	4,613,600
5051-5055	14,730,000	1,815,400	0	0	14,730,000	1,815,400
<b>Total</b>	<b>\$ 71,145,000</b>	<b>\$ 63,058,408</b>	<b>\$ 107,409</b>	<b>\$ 232,591</b>	<b>\$ 71,252,409</b>	<b>\$ 63,290,999</b>

**Fremont City School District**  
**Sandusky County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**NOTE 17: SET ASIDES**

The School District is required by the state law to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. The School District may replace using general fund revenues with proceeds from various sources (offsets), such as bond or levy proceeds related to the acquisition, replacement, enhancement, maintenance or repair of permanent improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

The following information describes the change in the year-end set-aside amounts for capital maintenance.

	Capital Improvement Reserve
Set Aside Restricted Balance June 30, 2019	\$ 0
Current Year Set-Aside Requirement	659,307
Current Year Offsets	(812,699)
Total	\$ (153,392)
Balance Carried Forward to Fiscal Year 2021	\$ 0
Set Aside Balance June 30, 2020	\$ 0

Although the School District had current year offsets during the fiscal year that reduced the set-aside amount to below zero for the capital maintenance reserve, this amount may not be used to reduce the set aside requirement for future years. This negative balance is, therefore, not presented as being carried forward to future years.

**NOTE 18: JOINTLY GOVERNED ORGANIZATION**

***Northern Ohio Educational Computer Association***

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among local school districts. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The NOECA Assembly consists of a representative from each participating school district. The degree of control exercised by any participating school district is limited to its representation on the Board of Directors. During fiscal year 2020, the School District paid \$161,635 to NOECA for various services. Financial information can be obtained from Matthew Bauer, who serves as Controller, 2900 South Columbus Avenue, Sandusky, Ohio 44870.

**Fremont City School District**  
**Sandusky County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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***Vanguard-Sentinel Career Center***

The Vanguard-Sentinel Career Center (Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career Center is operated under the direction of a Board consisting of two representatives from the School District and one representative from the other thirteen participating school districts' elected boards. The Career Center possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from the Vanguard-Sentinel Career Center, Alex Binger, who serves as Treasurer, 1306 Cedar Street, Fremont, Ohio 43420.

***Ohio Schools Council***

The Ohio Schools Council (Council) is a jointly governed organization among 201 school districts, educational service centers, joint vocational school districts, and developmental disabilities boards in thirty-five northern Ohio counties. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to its members. Each member supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. During fiscal year 2020, the School District paid the Council \$86,874 for natural gas purchases and \$898 for membership fees. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

**NOTE 19: CONTINGENCIES**

***Grants***

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District, if applicable, cannot be determined at this time nor does management believe any such disallowed claims will have a material adverse effect on the overall financial position of the School District at June 30, 2020.

***Litigation***

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect of the basic financial statements.

***School Foundation***

School district Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2020 have been finalized and resulted in a net receivable of \$93,666 for the District. An intergovernmental payable of \$21,516 has been included on the financial statements. An intergovernmental receivable of \$115,182 has not been included on the financial statements.

**Fremont City School District**  
**Sandusky County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**NOTE 20: SIGNIFICANT COMMITMENTS**

***Encumbrance Commitments***

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

Fund	Amount
General Fund	\$ 691,620
Building Fund	3,179,598
Classroom Facilities Fund	47,292,925
Nonmajor Governmental Funds	2,356,319
	\$ 53,520,462

***Contractual Commitments***

The School District had the following significant contractual commitments related to the new high school and turf project as of June 30, 2020:

Vendor	Contract	Expended	Remaining
Adena	\$ 201,425	\$ 81,482	\$ 119,943
Gilbane Building Company	104,008,803	49,125,903	54,882,900
Heapy Engineering Inc	306,510	106,258	200,252
SSOE Group	4,586,042	3,891,486	694,556
Then Design	3,724,246	2,847,914	876,332
Totals	\$ 112,827,026	\$ 56,053,043	\$ 56,773,983

Based on timing of when contracts are encumbered, contractual commitments identified above may or may not be included in the outstanding encumbrance commitments previously disclosed in this note.

**NOTE 21: SUBSEQUENT EVENTS**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures have impacted the current period and may continue to impact subsequent periods of the School District. The School District's investment portfolio and the investments of the pension and other employee benefit plan in which the School District participates have incurred a significant fluctuation in fair value, consistent with the general fluctuation in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, due to the dynamic environment and changes in fiscal policies, the exact impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be reasonably estimated.

**Fremont City School District**  
**Sandusky County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*Last Seven Fiscal Years (1)*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><i>School Employees Retirement System (SERS)</i></b>			
School District's Proportion of the Net Pension Liability	0.17100240%	0.17341040%	0.17231160%
School District's Proportionate Share of the Net Pension Liability	\$ 10,231,373	\$ 9,931,535	\$ 10,295,237
School District's Covered Payroll	\$ 5,862,415	\$ 5,680,756	\$ 5,658,129
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	174.52%	174.83%	181.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%
<b><i>State Teachers Retirement System (STRS)</i></b>			
School District's Proportion of the Net Pension Liability	0.17746750%	0.17594956%	0.18406996%
School District's Proportionate Share of the Net Pension Liability	\$ 39,245,871	\$ 38,687,358	\$ 43,726,214
School District's Covered Payroll	\$ 20,196,236	\$ 20,546,821	\$ 20,462,450
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	194.32%	188.29%	213.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.31%	75.30%

(1) Information prior to 2014 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.17455500%	0.17289100%	0.17456000%	0.17456000%
\$ 12,775,815	\$ 9,865,328	\$ 8,834,382	\$ 10,380,523
\$ 5,406,507	\$ 5,201,108	\$ 5,092,504	\$ 4,880,535
236.30%	189.68%	173.48%	212.69%
62.98%	69.16%	71.70%	65.52%
0.17610576%	0.17900273%	0.17492557%	0.17492557%
\$ 58,947,906	\$ 49,471,119	\$ 42,547,952	\$ 50,682,843
\$ 18,586,571	\$ 18,749,086	\$ 18,038,231	\$ 17,945,700
317.15%	263.86%	235.88%	282.42%
66.80%	72.10%	74.70%	69.30%

**Fremont City School District**  
**Sandusky County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions - Pension*  
*Last Eight Fiscal Years (1)*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><i>School Employees Retirement System (SERS)</i></b>			
Contractually Required Contribution	\$ 795,245	\$ 791,426	\$ 766,902
Contributions in Relation to the Contractually Required Contribution	<u>(795,245)</u>	<u>(791,426)</u>	<u>(766,902)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 5,890,704	\$ 5,862,415	\$ 5,680,756
Contributions as a Percentage of Covered Payroll	14.00%	13.50%	13.50%
<b><i>State Teachers Retirement System (STRS)</i></b>			
Contractually Required Contribution	\$ 2,934,557	\$ 2,827,473	\$ 2,876,555
Contributions in Relation to the Contractually Required Contribution	<u>(2,934,557)</u>	<u>(2,827,473)</u>	<u>(2,876,555)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 20,961,121	\$ 20,196,236	\$ 20,546,821
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%

(1) Information prior to 2013 is not available.

See accompanying notes to the required supplementary information.



<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 792,138	\$ 756,911	\$ 685,506	\$ 705,821	\$ 675,466
<u>(792,138)</u>	<u>(756,911)</u>	<u>(685,506)</u>	<u>(705,821)</u>	<u>(675,466)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 5,658,129	\$ 5,406,507	\$ 5,201,108	\$ 5,092,504	\$ 4,880,535
14.00%	14.00%	13.18%	13.86%	13.84%
\$ 2,864,743	\$ 2,602,120	\$ 2,624,872	\$ 2,344,970	\$ 2,332,941
<u>(2,864,743)</u>	<u>(2,602,120)</u>	<u>(2,624,872)</u>	<u>(2,344,970)</u>	<u>(2,332,941)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 20,462,450	\$ 18,586,571	\$ 18,749,086	\$ 18,038,231	\$ 17,945,700
14.00%	14.00%	14.00%	13.00%	13.00%

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**Fremont City School District**  
**Sandusky County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)*  
*Last Four Fiscal Years (1)*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b><i>School Employees Retirement System (SERS)</i></b>				
School District's Proportion of the Net OPEB Liability	0.17503080%	0.17587080%	0.17445470%	0.17672088%
School District's Proportionate Share of the Net OPEB Liability	\$ 4,401,657	\$ 4,879,131	\$ 4,681,906	\$ 5,037,199
School District's Covered Payroll	\$ 5,862,415	\$ 5,680,756	\$ 5,658,129	\$ 5,406,507
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	75.08%	85.89%	82.75%	93.17%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%
<b><i>State Teachers Retirement System (STRS)</i></b>				
School District's Proportion of the Net OPEB Liability/(Asset)	0.17746800%	0.17594956%	0.18406996%	0.17610576%
School District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (2,939,296)	\$ (2,827,330)	\$ 7,181,731	\$ 9,418,182
School District's Covered Payroll	\$ 20,196,236	\$ 20,546,821	\$ 20,462,450	\$ 18,586,571
School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-14.55%	-13.76%	35.10%	50.67%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

**Fremont City School District**  
**Sandusky County, Ohio**  
*Required Supplementary Information*  
*Schedule of School District Contributions - OPEB*  
*Last Eight Fiscal Years (2)*

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><i>School Employees Retirement System (SERS)</i></b>			
Contractually Required Contribution (1)	\$ 79,460	\$ 135,147	\$ 123,177
Contributions in Relation to the Contractually Required Contribution	<u>(79,460)</u>	<u>(135,147)</u>	<u>(123,177)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 5,890,704	\$ 5,862,415	\$ 5,680,756
OPEB Contributions as a Percentage of Covered Payroll (1)	1.35%	2.31%	2.17%
<b><i>State Teachers Retirement System (STRS)</i></b>			
Contractually Required Contribution	\$ 0	\$ 0	\$ 0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 20,961,121	\$ 20,196,236	\$ 20,546,821
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%

(1) Includes surcharge

(2) Information prior to 2013 is not readily available.

See accompanying notes to the required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 93,224	\$ 88,686	\$ 134,275	\$ 95,198	\$ 91,945
<u>(93,224)</u>	<u>(88,686)</u>	<u>(134,275)</u>	<u>(95,198)</u>	<u>(91,945)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 5,658,129	\$ 5,406,507	\$ 5,201,108	\$ 5,092,504	\$ 4,880,535
1.65%	1.64%	2.58%	1.87%	1.88%
\$ 0	\$ 0	\$ 0	\$ 180,382	\$ 179,457
<u>0</u>	<u>0</u>	<u>0</u>	<u>(180,382)</u>	<u>(179,457)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 20,462,450	\$ 18,586,571	\$ 18,749,086	\$ 18,038,231	\$ 17,945,700
0.00%	0.00%	0.00%	1.00%	1.00%

**Fremont City School District**  
**Sandusky County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 1 - Net Pension Liability**

***Changes in Assumptions - SERS***

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

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

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

***Changes in Assumptions – STRS***

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

***Changes in Benefit Terms - SERS***

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

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

***Changes in Benefit Terms - STRS***

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

**Fremont City School District**  
**Sandusky County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 2 - Net OPEB Liability (Asset)**

***Changes in Assumptions – SERS***

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

**Municipal Bond Index Rate:**

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

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

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

**Pre-Medicare**

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

**Medicare**

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

***Changes in Assumptions – STRS***

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

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

***Changes in Benefit Terms - SERS***

There have been no changes to the benefit provisions.

**Fremont City School District**  
**Sandusky County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

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***Changes in Benefit Terms – STRS***

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

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

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



**FREMONT CITY SCHOOL DISTRICT  
SANDUSKY COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<b>FEDERAL GRANTOR Pass Through Grantor Program Cluster / Title</b>	<b>Federal CFDA Number</b>	<b>Provided Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
<u>Child Nutrition Cluster:</u>			
National School Lunch Program			
Non-Cash Assistance (Food Distribution)	10.555		\$150,219
Cash Assistance	10.555		594,514
COVID-19 Cash Assistance	10.555		57,642
Total National School Lunch Program			802,375
School Breakfast Program	10.553		193,865
COVID-19 School Breakfast Program	10.553		20,091
Total School Breakfast Program			213,956
Summer Food Service Program for Children	10.559		340,856
COVID-19 Summer Food Service Program for Children	10.559		47,147
Total Summer Food Service Program for Children			388,003
Total Child Nutrition Cluster			1,404,334
Child and Adult Care Food Program	10.558		4,253
COVID-19 Child and Adult Care Food Program	10.558		317
Total Child and Adult Care Food Program			4,570
Total U.S. Department of Agriculture			1,408,904
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
<u>Special Education Cluster (IDEA):</u>			
Special Education_Grants to States	84.027		800,704
Special Education_Preschool Grants	84.173	\$26,704	26,704
Total Special Education Cluster (IDEA)		26,704	827,408
Title I Grants to Local Educational Agencies	84.010		1,121,859
Twenty-First Century Community Learning Centers	84.287		194,021
Rural Education	84.358		18,097
English Language Acquisition Grants	84.365		10,749
Supporting Effective Instruction State Grants	84.367		131,197
Student Support and Academic Enrichment Program	84.424		65,881
Total U.S. Department of Education		26,704	2,369,212
<b>Total Expenditures of Federal Awards</b>		<b>\$26,704</b>	<b>\$3,778,116</b>

The accompanying notes are an integral part of this schedule.

**FREMONT CITY SCHOOL DISTRICT  
SANDUSKY COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Fremont City School District, Sandusky County, Ohio (the District) under programs of the federal government for the year ended June 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D – SUBRECIPIENTS**

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

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

**NOTE E – CHILD NUTRITION CLUSTER**

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

**NOTE F – FOOD DONATION PROGRAM**

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

**NOTE G – TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with the Ohio Department of Education's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program.

**FREMONT CITY SCHOOL DISTRICT  
SANDUSKY COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
(Continued)**

**NOTE G – TRANSFERS BETWEEN PROGRAM YEARS – (Continued)**

The District transferred the following amounts from 2020 to 2021 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred</u>
Special Education_Grants to States	84.027	\$ 3,035
Title I Grants to Local Educational Agencies	84.010	63,913
Supporting Effective Instruction State Grants	84.367	51,516
Student Support and Academic Enrichment Program	84.424	26,776

The District transferred the following amounts from 2019 to 2020 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred</u>
Special Education_Grants to States	84.027	\$ 43,911
Title I Grants to Local Educational Agencies	84.010	33,451
Supporting Effective Instruction State Grants	84.367	17,888
Student Support and Academic Enrichment Program	84.424	15,540
Rural Education	84.358	26,144

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NorthwestRegion@ohioauditor.gov

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

Fremont City School District  
Sandusky County  
500 West State Street, Suite A  
Fremont, Ohio 43420-2580

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fremont City School District, Sandusky County, Ohio (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 23, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

March 23, 2021



One Government Center, Suite 1420  
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Fremont City School District  
Sandusky County  
500 West State Street, Suite A  
Fremont, Ohio 43420-2580

To the Board of Education:

***Report on Compliance for the Major Federal Program***

We have audited Fremont City School District, Sandusky County, Ohio's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Fremont City School District's major federal program for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on the Major Federal Program***

In our opinion, Fremont City School District, Sandusky County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2020.

***Report on Internal Control Over Compliance***

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

March 23, 2021



**FREMONT CITY SCHOOL DISTRICT  
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2020**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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# OHIO AUDITOR OF STATE KEITH FABER



**FREMONT CITY SCHOOL DISTRICT**

**SANDUSKY 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 4/6/2021**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)