



OHIO AUDITOR OF STATE
KEITH FABER



**LIBERTY LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY
JUNE 30, 2020**

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TRUMBULL COUNTY
JUNE 30, 2020**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Liberty Local School District
Trumbull County
4115 Shady Road
Youngstown, Ohio 44505

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Liberty Local School District, Trumbull 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 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 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, 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 19, 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 19, 2021

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Liberty Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

As management of the Liberty Local School District (the School District), we offer readers of the School District's financial statements this narrative and analysis of the financial activities of the School District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with the financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

- Outstanding long-term obligations decreased about \$644 thousand from fiscal year 2019. The decrease is due to the yearly payments on the outstanding obligations offset by an increase in the net pension liability. This change was related to an increase in the School District's proportionate share of the net pension liability as well as changes in assumptions and benefit terms related to pension.
- The School District's enrollment increased from fiscal year 2019 to fiscal year 2020.
- The School District has three Emergency Levies that need to be renewed every five years. These levies must pass by majority vote of the community in order for the School District to keep collecting their related tax revenue.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide statements, (2) fund financial statements, and (3) notes to the basic financial statements.

Government-wide Financial Statements The government-wide financial statements are designed to provide the reader with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statement distinguishes functions of the School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from those that are primarily supported through user charges (*business-type activities*). The School District has no business-type activities. The governmental activities of the School District include instruction, support services, extracurricular activities, operation of non-instructional services, and interest and fiscal charges.

Fund Financial Statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like the State and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. These fund financial statements focus on the School District's most significant funds.

Liberty Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The School District's major governmental funds are the general and bond retirement funds. All of the funds of the School District can be divided into two categories: governmental and fiduciary.

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 balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual*, 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 governmental 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 financial educational programs. The relationship (or difference) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements.

Fiduciary Fund A fiduciary fund is used to account for resources held for the benefit of parties outside the government. The fiduciary fund is not reflected in the government-wide financial statements because the resources of this fund are not available to support the School District's own programs. These funds use the accrual basis of accounting.

Notes to the Basic Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1 provides a comparison of the School District's net position for fiscal year 2020 compared to 2019.

Table 1
 Net Position
 Governmental Activities

	2020	2019	Change
Assets			
Current and Other Assets	\$14,435,676	\$15,203,103	(\$767,427)
Net OPEB Asset	891,613	859,253	32,360
Capital Assets, Net	9,360,287	8,766,220	594,067
<i>Total Assets</i>	<u>24,687,576</u>	<u>24,828,576</u>	<u>(141,000)</u>
Deferred Outflows of Resources			
Pension	3,258,155	4,369,159	(1,111,004)
OPEB	439,587	286,498	153,089
<i>Total Deferred Outflows of Resources</i>	<u>\$3,697,742</u>	<u>\$4,655,657</u>	<u>(\$957,915)</u>

(continued)

Liberty Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Table 1
 Net Position
 Governmental Activities (continued)

	2020	2019	Change
Liabilities			
Current Liabilities	\$1,826,633	\$1,983,791	\$157,158
Long-Term Liabilities:			
Due Within One Year	1,075,040	1,098,881	23,841
Due in More Than One Year:			
Net Pension Liability	15,407,067	14,927,734	(479,333)
Net OPEB Liability	1,502,649	1,557,861	55,212
Other Amounts	5,248,777	6,208,900	960,123
<i>Total Liabilities</i>	<u>25,060,166</u>	<u>25,777,167</u>	<u>717,001</u>
Deferred Inflows of Resources			
Property Taxes	8,805,223	8,755,058	(50,165)
Pension	678,338	946,213	267,875
OPEB	1,501,624	1,471,613	(30,011)
<i>Total Deferred Inflows of Resources</i>	<u>10,985,185</u>	<u>11,172,884</u>	<u>187,699</u>
Net Position			
Net Investment in Capital Assets	6,322,876	5,636,432	686,444
Restricted for:			
Capital Projects	217,041	255,354	(38,313)
Debt Service	2,181,746	2,003,398	178,348
Set-Asides	8,309	0	8,309
Honors Programs:			
Nonexpendable	7,102	0	7,102
Other Purposes	318,922	285,161	33,761
Unrestricted (Deficit)	<u>(16,716,029)</u>	<u>(15,646,163)</u>	<u>(1,069,866)</u>
<i>Total Net Position</i>	<u>(\$7,660,033)</u>	<u>(\$7,465,818)</u>	<u>(\$194,215)</u>

The net pension liability is the largest single liability reported by the School District at June 30, 2020. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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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. As explained previously, 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.

By comparing assets, deferred outflows of resources, liabilities, and deferred inflows of resources, one can see the overall position of the School District has remained steady as evidenced by the small decrease in net position. Changes in the net investment in capital assets and unrestricted net position were the main contributors to the change in net position.

Current assets decreased mainly due to decreases in cash and cash equivalents with fiscal agents. The decrease in cash and cash equivalents with fiscal agents is due to the completion of the energy savings project and the turf project. The increase in capital assets was due to significant additions for fiscal year 2020, primarily the completion of the energy savings project as well as the turf project.

The School District had a decrease in total liabilities which can be attributed primarily to current payments on outstanding bond liabilities offset by an increase in the net pension liability. The net pension liability increase and net OPEB liability decrease represents the School District's proportionate share of the unfunded benefits. As indicated previously, changes in pension benefits, assumptions, contribution rates, and return on investments affect the balance of the net pension and net OPEB liabilities.

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

Table 2
Change in Net Position
Governmental Activities

	2020	2019	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services and Sales	\$2,177,413	\$2,108,075	\$69,338
Operating Grants, Interest and Contributions	2,607,858	2,451,702	156,156
Capital Grants	18,325	18,446	(121)
<i>Total Program Revenues</i>	4,803,596	4,578,223	225,373
<i>General Revenues</i>			
Property Taxes	9,102,189	8,747,926	354,263
Grants and Entitlements	5,794,256	6,100,129	(305,873)
Investment Earnings	36,400	40,264	(3,864)
Miscellaneous	101,438	177,158	(75,720)
<i>Total General Revenues</i>	15,034,283	15,065,477	(31,194)
<i>Total Revenues</i>	\$19,837,879	\$19,643,700	\$194,179

(continued)

Liberty Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Table 2
 Change in Net Position
 Governmental Activities (continued)

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Program Expenses			
Instruction:			
Regular	\$10,706,051	\$9,468,807	(\$1,237,244)
Special	2,354,405	2,098,272	(256,133)
Support Services:			
Pupils	841,548	714,313	(127,235)
Instructional Staff	371,572	350,067	(21,505)
Board of Education	26,095	29,022	2,927
Administration	1,590,791	1,371,805	(218,986)
Fiscal	553,124	478,522	(74,602)
Business	0	72,308	72,308
Operation and Maintenance of Plant	1,640,676	1,645,033	4,357
Pupil Transportation	757,475	801,999	44,524
Central	61	252	191
Operation of Non-Instructional Services	2,100	7,331	5,231
Operation of Food Service	616,059	660,753	44,694
Extracurricular Activities	360,236	487,831	127,595
Interest and Fiscal Charges	211,901	213,522	1,621
<i>Total Program Expenses</i>	<u>20,032,094</u>	<u>18,399,837</u>	<u>(1,632,257)</u>
<i>Change in Net Position</i>	(194,215)	1,243,863	(1,438,078)
Net Position Beginning of Year	<u>(7,465,818)</u>	<u>(8,709,681)</u>	<u>1,243,863</u>
Net Position End of Year	<u>(\$7,660,033)</u>	<u>(\$7,465,818)</u>	<u>(\$194,215)</u>

The School District relies heavily upon property taxes and the State School Foundation Program to support its operations. The School District also actively solicits and receives additional grant and entitlement funds to help offset operating costs. The increase in charges for services and sales can be attributed to the School District collecting increased tuition and fees revenue in fiscal year 2020.

The largest component of the increase in program expenses results from changes in assumptions and benefit terms related to pensions in the prior year. For the prior year, STRS adopted certain assumption changes, including a reduction in their discount rate, and also voted to suspend cost-of-living adjustments (COLA), and SERS also decreased their COLA assumptions. As a result of these changes, pension expense decreased from \$1,670,007 in fiscal year 2017 to a negative pension expense of (\$4,822,087) for fiscal year 2018. For fiscal year 2019, pension expense increased to \$1,501,993, closer to the 2017 pension expense amount. For fiscal year 2020, pension expense increased further to \$2,492,731.

Instructional expenses compose the largest portion of all program expenses for the School District. These expenses pay for teacher salaries and benefits, which increase at set levels every year based on negotiated agreements. For fiscal year 2020, School District employees received a 2.59 percent raise as well as step increases. Health care costs increased approximately 4.97 percent as well. Overall, total governmental expenses increased due to the significant increase in the pension expense related to the change in assumptions and benefit terms related to pension.

Liberty Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The *statement of activities* shows the cost of program services and 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 for fiscal year 2020 compared to 2019.

Table 3
 Total and Net Cost of Program Services
 Governmental Activities

	2020		2019	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$13,060,456	\$9,461,530	\$11,567,079	\$8,116,428
Support Services:				
Pupils and Instructional Staff	1,213,120	949,067	1,064,380	1,058,980
Board of Education, Administration, Fiscal and Business	2,170,010	2,131,583	1,951,657	1,892,938
Operation and Maintenance of Plant	1,640,676	1,397,733	1,645,033	1,369,986
Pupil Transportation	757,475	757,475	801,999	800,930
Central	61	61	252	252
Operation of Non-Instructional Services	2,100	2,100	7,331	2,139
Operation of Food Service	616,059	36,186	660,753	(42,493)
Extracurricular Activities	360,236	280,862	487,831	408,932
Interest and Fiscal Charges	211,901	211,901	213,522	213,522
<i>Total</i>	<u>\$20,032,094</u>	<u>\$15,228,498</u>	<u>\$18,399,837</u>	<u>\$13,821,614</u>

The dependence upon general revenues for governmental activities is apparent from Table 3. The majority of instructional activities are supported through taxes and other general revenues.

Financial Analysis of the Government's Funds

Governmental Funds Information about the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$19,461,930 and expenditures of \$20,501,861. The general fund had a decrease in fund balance due mainly to transfers the bond retirement fund as well as several other governmental funds. The bond retirement fund had an increase in fund balance due to the transfer from the general fund that offset a decrease in property tax revenues compared to the prior fiscal year. Other governmental funds had a decrease in fund balance due mainly to the completion of the energy savings project as well as the turf replacement.

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 fund to be budgeted is the main operating fund of the School District, the general fund. During the course of fiscal year 2020, the School District amended its general fund budget numerous times. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

Liberty Local School District
Management's Discussion and Analysis
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For the general fund, the final budget basis revenue estimate was greater than actual revenues. The final budget appropriations were greater than the original budget appropriations of the general fund. The change was attributed to an increase in special instruction as well as debt services. Overall, the ending general fund balance was negative compared to the budgeted balance. This can be attributed to actual expenditures being slightly higher than final appropriations.

Capital Assets and Long-Term Liabilities

Capital Assets

Table 4 shows fiscal year 2020 values compared to fiscal year 2019.

Table 4
 Capital Assets at June 30
 Governmental Activities

	2020	2019
Land	\$349,160	\$349,160
Construction in Progress	0	1,213,153
Land Improvements	687,092	76,801
Buildings and Improvements	6,452,611	6,717,551
Furniture and Fixtures	1,623,509	311,623
Vehicles	247,915	97,932
Total Capital Assets	\$9,360,287	\$8,766,220

The increase in capital assets was due to additions in land improvements, furniture and fixtures, and vehicles exceeding deletions and an additional year of depreciation during fiscal year 2020. For more information about the School District's capital assets, see Note 10 to the basic financial statements.

Long-Term Liabilities

Table 5 summarizes the School District's outstanding long-term obligations.

Table 5
 Outstanding Long-Term Obligations at June 30
 Governmental Activities

	2020	2019
2019 Energy Savings Project Note	\$1,501,913	\$1,539,628
2019 Turf Athletic Field Note	596,861	650,000
2011 Energy Conservation Improvement Bonds	2,327,350	2,327,350
2014 Refunding Bonds	875,886	1,820,012
Net Pension Liability	15,407,067	14,927,734
Net OPEB Liability	1,502,649	1,557,861
Capital Leases	62,751	96,623
Total	\$22,274,477	\$22,919,208

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During fiscal year 2019, the School District issued long-term notes for an energy savings project and for a turf athletic field. The 2011 energy conservation improvement bonds were issued to provide for energy improvements to various School District buildings. The 2014 refunding bonds were issued to currently refund the callable portion of the 2006 refunding bonds to take advantage of lower interest rates. The bonds will be repaid out of the bond retirement fund.

The School District's overall legal debt margin was \$19,188,768 with an unvoted debt margin of \$225,607. For more information about the School District's long-term obligations, see Note 11 to the basic financial statements for additional information.

School District Outlook

The Board of Education and administration closely monitor revenues and expenditures in accordance with its financial forecast. The financial future of the School District will continue to face challenges. These challenges stem from issues that are at both the local and State levels. The local challenges will continue to exist, as the School District must rely heavily on property taxes to fund its operations.

Due to Covid-19 hitting in March 2020, the school district was reduced in its state foundation payment of approximately 3.5 percent annually, or \$180,000. That amount was taken out of our foundation payment across the last 2 months of FY2020 (May & June 2020). A deficit of this carried into the first month of FY21 and was taken from our foundation payment. This same reduction of approximately \$180,000 will take place in FY2021. To ease the financial burden, the government released ESSER/Cares funds which was approximately \$350,000 for Liberty Local Schools, and will be used to pay for current classified salaries in FY2021.

Due to the unsettled issues in school funding, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In conclusion, all of the School District's financial abilities will be needed to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Maureen Lloyd, Treasurer, Liberty Local School District, 4115 Shady Road, Youngstown, Ohio 44505-1395.

Basic Financial Statements

Liberty Local School District*Statement of Net Position**June 30, 2020*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,126,165
Cash and Cash Equivalents with Fiscal Agents	1,594,332
Accounts Receivable	11,993
Intergovernmental Receivable	405,379
Prepaid Items	21,513
Inventory Held for Resale	5,748
Materials and Supplies Inventory	36,400
Property Taxes Receivable	10,234,146
Net OPEB Asset (See Note 17)	891,613
Nondepreciable Capital Assets	349,160
Depreciable Capital Assets, Net	<u>9,011,127</u>
<i>Total Assets</i>	<u>24,687,576</u>
Deferred Outflows of Resources	
Pension	3,258,155
OPEB	<u>439,587</u>
<i>Total Deferred Outflows of Resources</i>	<u>3,697,742</u>
Liabilities	
Accounts Payable	63,857
Accrued Wages and Benefits	1,270,624
Intergovernmental Payable	429,439
Matured Compensated Absences Payable	33,478
Accrued Interest Payable	29,235
Long-Term Liabilities:	
Due Within One Year	1,075,040
Due in More Than One Year:	
Net Pension Liability (See Note 16)	15,407,067
Net OPEB Liability (See Note 17)	1,502,649
Other Amounts	<u>5,248,777</u>
<i>Total Liabilities</i>	<u>25,060,166</u>
Deferred Inflows of Resources	
Property Taxes	8,805,223
Pension	678,338
OPEB	<u>1,501,624</u>
<i>Total Deferred Inflows of Resources</i>	<u>10,985,185</u>
Net Position	
Net Investment in Capital Assets	6,322,876
Restricted for:	
Capital Projects	217,041
Debt Service	2,181,746
Set Asides	8,309
Unclaimed Monies	60,439
Food Service	70,256
Auxiliary Services	28,588
Early Childhood Educational Programs	87,225
Honors Programs:	
Nonexpendable	7,102
Other Purposes	72,414
Unrestricted (Deficit)	<u>(16,716,029)</u>
<i>Total Net Position</i>	<u>(\$7,660,033)</u>

See accompanying notes to the basic financial statements

Liberty Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2020

	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Interest and Contributions		
Governmental Activities					
Instruction:					
Regular	\$10,706,051	\$1,470,406	\$713,764	\$0	(\$8,521,881)
Special	2,354,405	300,688	1,114,068	0	(939,649)
Support Services:					
Pupils	841,548	0	258,653	0	(582,895)
Instructional Staff	371,572	0	5,400	0	(366,172)
Board of Education	26,095	0	0	0	(26,095)
Administration	1,590,791	24,551	13,876	0	(1,552,364)
Fiscal	553,124	0	0	0	(553,124)
Operation and Maintenance of Plant	1,640,676	219,077	5,541	18,325	(1,397,733)
Pupil Transportation	757,475	0	0	0	(757,475)
Central	61	0	0	0	(61)
Operation of Non-Instructional Services	2,100	0	0	0	(2,100)
Operation of Food Service	616,059	83,344	496,529	0	(36,186)
Extracurricular Activities	360,236	79,347	27	0	(280,862)
Interest and Fiscal Charges	211,901	0	0	0	(211,901)
<i>Totals</i>	<u>\$20,032,094</u>	<u>\$2,177,413</u>	<u>\$2,607,858</u>	<u>\$18,325</u>	<u>(15,228,498)</u>
General Revenues					
Property Taxes Levied for:					
					8,111,235
					845,289
					145,665
Grants and Entitlements not Restricted to Specific Programs					
					5,794,256
					36,400
					101,438
					<u>15,034,283</u>
					(194,215)
					<u>(7,465,818)</u>
					<u>(\$7,660,033)</u>

See accompanying notes to the basic financial statements

Liberty Local School District

Balance Sheet

Governmental Funds

June 30, 2020

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,065,939	\$426,002	\$565,476	\$2,057,417
Cash and Cash Equivalents with Fiscal Agents	0	1,594,332	0	1,594,332
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	68,748	0	0	68,748
Accounts Receivable	9,036	0	2,957	11,993
Intergovernmental Receivable	249,555	57,828	97,996	405,379
Prepaid Items	21,513	0	0	21,513
Inventory Held for Resale	0	0	5,748	5,748
Materials and Supplies Inventory	35,012	0	1,388	36,400
Property Taxes Receivable	9,129,105	940,668	164,373	10,234,146
<i>Total Assets</i>	<u>\$10,578,908</u>	<u>\$3,018,830</u>	<u>\$837,938</u>	<u>\$14,435,676</u>
Liabilities				
Accounts Payable	\$51,936	\$0	\$11,921	\$63,857
Accrued Wages and Benefits	1,125,819	0	144,805	1,270,624
Intergovernmental Payable	398,483	0	30,956	429,439
Matured Compensated Absences Payable	33,478	0	0	33,478
<i>Total Liabilities</i>	<u>1,609,716</u>	<u>0</u>	<u>187,682</u>	<u>1,797,398</u>
Deferred Inflows of Resources				
Property Taxes	7,855,844	807,849	141,530	8,805,223
Unavailable Revenue	1,415,135	129,522	49,469	1,594,126
<i>Total Deferred Inflows of Resources</i>	<u>9,270,979</u>	<u>937,371</u>	<u>190,999</u>	<u>10,399,349</u>
Fund Balances				
Nonspendable	116,964	0	8,490	125,454
Restricted	8,309	2,081,459	450,767	2,540,535
Assigned	448,086	0	0	448,086
Unassigned (Deficit)	(875,146)	0	0	(875,146)
<i>Total Fund Balances (Deficit)</i>	<u>(301,787)</u>	<u>2,081,459</u>	<u>459,257</u>	<u>2,238,929</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$10,578,908</u>	<u>\$3,018,830</u>	<u>\$837,938</u>	<u>\$14,435,676</u>

See accompanying notes to the basic financial statements

Liberty Local School District
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2020*

Total Governmental Fund Balances \$2,238,929

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

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. 9,360,287

Other long-term assets are not available to pay for current-period
expenditures and therefore are reported as unavailable in the funds:

Delinquent Property Taxes	1,393,457
Intergovernmental	29,696
Tuition and Fees	169,671
Charges for Services	8
Miscellaneous	<u>1,294</u>

Total 1,594,126

In the statement of activities, interest is accrued on outstanding
bonds, whereas in governmental funds, an interest
expenditure is reported when due. (29,235)

Long-term liabilities are not due and payable in the current period
and therefore are not reported in the funds:

Long-Term Notes	(2,098,774)
General Obligation Bonds	(3,203,236)
Capital Lease	(62,751)
Compensated Absences	<u>(959,056)</u>

Total (6,323,817)

The net OPEB asset and net pension/OPEB liabilities are not due and
payable in the current period; therefore, the asset, liabilities and
related deferred outflows/inflows are not reported in the funds:

Net OPEB Asset	891,613
Deferred Outflows - Pension	3,258,155
Deferred Outflows - OPEB	439,587
Net Pension Liability	(15,407,067)
Net OPEB Liability	(1,502,649)
Deferred Inflows - Pension	(678,338)
Deferred Inflows - OPEB	<u>(1,501,624)</u>

Total (14,500,323)

Net Position of Governmental Activities (\$7,660,033)

See accompanying notes to the basic financial statements

Liberty Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$7,768,983	\$809,290	\$139,480	\$8,717,753
Intergovernmental	6,289,965	260,992	1,835,691	8,386,648
Interest	18,391	17,891	563	36,845
Tuition and Fees	1,775,748	0	0	1,775,748
Extracurricular Activities	0	0	79,347	79,347
Contributions and Donations	12,219	0	13,903	26,122
Charges for Services	0	0	83,389	83,389
Rentals	219,077	0	0	219,077
Miscellaneous	127,730	0	9,271	137,001
<i>Total Revenues</i>	<u>16,212,113</u>	<u>1,088,173</u>	<u>2,161,644</u>	<u>19,461,930</u>
Expenditures				
Current:				
Instruction:				
Regular	9,105,712	0	649,481	9,755,193
Special	1,890,537	0	361,748	2,252,285
Support Services:				
Pupils	547,502	0	240,280	787,782
Instructional Staff	325,322	0	5,405	330,727
Board of Education	26,095	0	0	26,095
Administration	1,369,220	0	1,371	1,370,591
Fiscal	497,801	0	0	497,801
Operation and Maintenance of Plant	1,298,933	17,297	1,100,231	2,416,461
Pupil Transportation	774,962	0	83,912	858,874
Central	61	0	0	61
Operation of Non-Instructional Services	0	0	2,100	2,100
Operation of Food Service	0	0	565,285	565,285
Extracurricular Activities	245,336	0	108,969	354,305
Debt Service:				
Principal Retirement	124,726	930,000	0	1,054,726
Interest and Fiscal Charges	62,500	167,075	0	229,575
<i>Total Expenditures</i>	<u>16,268,707</u>	<u>1,114,372</u>	<u>3,118,782</u>	<u>20,501,861</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(56,594)</u>	<u>(26,199)</u>	<u>(957,138)</u>	<u>(1,039,931)</u>
Other Financing Sources (Uses)				
Transfers In	0	165,000	43,715	208,715
Transfers Out	(208,715)	0	0	(208,715)
<i>Total Other Financing Sources (Uses)</i>	<u>(208,715)</u>	<u>165,000</u>	<u>43,715</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(265,309)	138,801	(913,423)	(1,039,931)
<i>Fund Balances (Deficit) Beginning of Year</i>	(36,478)	1,942,658	1,372,680	3,278,860
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$301,787)</u>	<u>\$2,081,459</u>	<u>\$459,257</u>	<u>\$2,238,929</u>

See accompanying notes to the basic financial statements

Liberty Local School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2020*

Net Change in Fund Balances - Total Governmental Funds (\$1,039,931)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which capital outlay exceeded depreciation in the current period:

Capital Asset Additions	1,058,275	
Current Year Depreciation	<u>(464,208)</u>	
Total		594,067

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

Delinquent Property Taxes	384,436	
Intergovernmental	7,224	
Tuition and Fees	19,897	
Charges for Services	(45)	
Miscellaneous	<u>(35,563)</u>	
Total		375,949

Repayment of bond and capital lease principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,054,726

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 the governmental funds:

Accrued Interest	3,548	
Amortization of Premium	21,867	
Amortization of Discount	<u>(7,741)</u>	
Total		17,674

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (84,888)

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

Pension	1,170,269	
OPEB	<u>36,957</u>	
Total		1,207,226

Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEB asset or liability are reported as pension/OPEB expense in the statement of activities:

Pension	(2,492,731)	
OPEB	<u>173,693</u>	
Total		<u>(2,319,038)</u>

Change in Net Position of Governmental Activities (\$194,215)

See accompanying notes to the basic financial statements

Liberty Local School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$7,797,480	\$7,776,744	\$7,776,744	\$0
Intergovernmental	6,521,665	6,485,689	6,310,350	(175,339)
Interest	13,265	20,563	20,563	0
Tuition and Fees	1,544,645	1,732,172	1,732,172	0
Rentals	254,773	220,069	220,069	0
Miscellaneous	133,445	124,446	124,446	0
<i>Total Revenues</i>	<u>16,265,273</u>	<u>16,359,683</u>	<u>16,184,344</u>	<u>(175,339)</u>
Expenditures				
Current:				
Instruction:				
Regular	9,177,034	9,189,277	9,191,140	(1,863)
Special	1,709,786	1,942,131	1,942,131	0
Support Services:				
Pupils	698,063	639,148	639,148	0
Instructional Staff	304,104	325,760	325,760	0
Board of Education	29,126	26,326	26,326	0
Administration	1,513,007	1,371,843	1,372,706	(863)
Fiscal	459,210	493,817	493,817	0
Business	71,436	0	0	0
Operation and Maintenance of Plant	1,332,008	1,296,923	1,305,599	(8,676)
Pupil Transportation	852,929	820,877	821,210	(333)
Central	249	61	61	0
Extracurricular Activities	292,525	246,948	246,948	0
Debt Service:				
Principal	0	90,854	90,854	0
Interest	5,359	59,137	59,137	0
<i>Total Expenditures</i>	<u>16,444,836</u>	<u>16,503,102</u>	<u>16,514,837</u>	<u>(11,735)</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(179,563)</u>	<u>(143,419)</u>	<u>(330,493)</u>	<u>(187,074)</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	2,243	0	0	0
Advances In	355	0	0	0
Transfers In	205	0	0	0
Transfers Out	(171,257)	(208,715)	(208,715)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(168,454)</u>	<u>(208,715)</u>	<u>(208,715)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(348,017)	(352,134)	(539,208)	(187,074)
<i>Fund Balance Beginning of Year</i>	1,554,261	1,554,261	1,554,261	0
Prior Year Encumbrances Appropriated	<u>15,572</u>	<u>15,572</u>	<u>15,572</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,221,816</u>	<u>\$1,217,699</u>	<u>\$1,030,625</u>	<u>(\$187,074)</u>

See accompanying notes to the basic financial statements

Liberty Local School District
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2020

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$28,526</u>
Liabilities	
Undistributed Monies	\$1,113
Due to Students	<u>27,413</u>
<i>Total Liabilities</i>	<u>\$28,526</u>

See accompanying notes to the basic financial statements

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 1 – Description of the School District and Reporting Entity

Liberty Local School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District is located in Northeast Ohio, in Trumbull County, in the greater metropolitan Youngstown area.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and Federal agencies. The Board of Education controls the School District's elementary school and middle/high school staffed by 76 non-certified personnel, 99 certificated personnel, and 13 administrators, who provide services to 1,416 students and other community members.

Reporting Entity

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

Non-public Schools Within the School District boundaries, there are various non-public schools. Current State legislature provides funding to these non-public schools. These monies are received and disbursed on behalf of the non-public school by the Treasurer of the School District, as directed by the non-public school. These transactions are reported in a special revenue fund and as a governmental activity of the School District.

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

The School District is associated with two jointly governed organizations. These organizations are the Northeast Ohio Management Information Network and the Trumbull Career and Technical Center. These organizations are presented in Note 14 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program 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 limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

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

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

General Fund The general fund is the operating fund of the School District and is used to account for and report all financial resources except those required to be accounted for and reported 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.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Bond Retirement Fund The bond retirement fund accounts for and reports the accumulation of property tax revenues restricted for the payment of principal and interest and fiscal charges on general obligation debt.

The other governmental funds of the School District account for grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

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 has no trust fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency fund accounts for student activities.

Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and 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 (e.g., revenues and other financing sources) and uses (e.g., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the 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 outflows/inflows of resources, 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 fiscal year-end.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year in which the taxes are levied (see Note 7). 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 year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, 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 represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 16 and 17.

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, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is 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 the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental revenues, tuition and fees, charges for services, and miscellaneous. 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 found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 16 and 17).

Pensions/Other Postemployment Benefits (OPEB) For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plans. 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.

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.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Cash and Cash Equivalents

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

During fiscal year 2020, investments were limited to money market mutual funds and STAR Ohio. Investments are reported at fair value which is based on quoted market prices.

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

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates; however, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transactions to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

The School District utilizes a financial institution to set aside the mandatory sinking fund payments required for the energy conservation improvement qualified school construction bonds. The School District also utilizes a financial institution for the proceeds of the energy savings project and turf athletic field notes. The balances in these accounts are presented as "cash and cash equivalents with fiscal agent."

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2020 amounted to \$18,391, of which \$7,154 is assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

Prepays

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaids using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and reflecting the expenditure/expense in the year in which the services are consumed.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies and donated and purchased food held for resale.

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors,

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

grantors, laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the general fund represent money set aside as unclaimed monies.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

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	Governmental Activities Estimated Lives
Land Improvements	20 years
Building and Improvements	20 - 50 years
Furniture and Fixtures	5 - 20 years
Vehicles	8 years

Compensated Absences

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

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

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

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures 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(s) from which the employees who have resigned or retired will be paid.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds; however, 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. Long-term notes, bonds, and capital leases are recognized as a liability on the fund financial statements when due. Net pension/OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plans’ fiduciary net position is not sufficient for payment of those benefits.

Bond Premiums and Discounts

On the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent. On the fund financial statements, bond premiums are receipted in the year the bonds are issued. On the government-wide financial statements, bond discounts are presented as a decrease of the face amount of the general obligation bonds payable. On the fund financial statements, bond discounts are expended as an other financing use in the year the bonds are issued.

Internal Activity

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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

Fund Balance

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

Nonspendable The nonspendable fund balance 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.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or by a School District official delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balance for special trust and public school support and to cover a gap between estimated revenue and appropriations in the fiscal year 2021 budget.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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.

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 balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for scholarships, athletics, and student programs.

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

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.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Budgetary Data

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 set 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 for all funds. The Treasurer has been given the authority to allocate board appropriations to the function and object levels within each fund.

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

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

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 resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total
<i>Nonspendable:</i>				
Inventory	\$35,012	\$0	\$1,388	\$36,400
Honors Program	0	0	7,102	7,102
Unclaimed Monies	60,439	0	0	60,439
Prepays	21,513	0	0	21,513
<i>Total Nonspendable</i>	<i>\$116,964</i>	<i>\$0</i>	<i>\$8,490</i>	<i>\$125,454</i>

(continued)

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Fund Balances (continued)	General	Bond Retirement	Other Governmental Funds	Total
<i>Restricted for:</i>				
Capital Projects	\$0	\$0	\$194,765	\$194,765
Debt Service	0	2,081,459	0	2,081,459
Set Aside	8,309	0	0	8,309
Food Service	0	0	73,385	73,385
Auxiliary Services	0	0	28,588	28,588
Early Childhood Educational Programs	0	0	69,989	69,989
Other Purposes:				0
Scholarships	0	0	634	634
Athletics	0	0	24,225	24,225
Student Programs	0	0	59,181	59,181
<i>Total Restricted</i>	8,309	2,081,459	450,767	2,540,535
<i>Assigned to:</i>				
Purchases on Order:				
Regular Instruction	\$896	\$0	\$0	\$896
Administration	863	0	0	863
Pupil Transportation	352	0	0	352
Special Trust	19,262	0	0	19,262
Public School Support	12,584	0	0	12,584
Fiscal Year 2021 Operations	414,129	0	0	414,129
<i>Total Assigned</i>	448,086	0	0	448,086
<i>Unassigned (Deficit)</i>	(875,146)	0	0	(875,146)
<i>Total Fund Balances (Deficit)</i>	(\$301,787)	\$2,081,459	\$459,257	\$2,238,929

Note 4 – Accountability

Fund balances at June 30, 2020, included a fund deficit in the general fund in the amount of \$301,787. The deficit balance resulted from adjustments for accrual liabilities.

Note 5 – 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 for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

2. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statement. These amounts are included as revenue on the GAAP basis operating statement.
3. Budgetary revenues and expenditures of the public school support fund are classified to the general fund for GAAP Reporting.
4. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
5. Encumbrances are treated as expenditures (budget) rather than restricted, committed, or assigned fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund:

Net Change in Fund Balance	
	<u>General</u>
GAAP Basis	(\$265,309)
Net Adjustment for Revenue Accruals	25,952
Beginning Unrecorded Cash	2,476
Ending Unrecorded Cash	(304)
Perspective Difference:	
Public School Support	(12,898)
Net Adjustment for Expenditure Accruals	(277,271)
Encumbrances	<u>(11,854)</u>
Budget Basis	<u>(\$539,208)</u>

Note 6 – Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

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

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

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

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Interim monies held by the School District can be deposited or invested in the following securities:

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

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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2020, \$1,764,942 of the School District's bank balance of \$2,329,993 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution.

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

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

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

Investments

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

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Fair Value - Level One Inputs				
Money Market Mutual Fund	\$1,594,331	1 Day	AAAm	99.47 %
Net Asset Value Per Share:				
STAR Ohio	8,475	41.5 Days	AAAm	N/A
Total Investments	\$1,602,806			

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 preceding chart identifies the School District's recurring fair value measurements as of June 30, 2020. The money market mutual funds are measured at fair value using quoted market prices (Level 1 inputs).

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

Interest Rate Risk The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 7 – Property Taxes

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

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

Public utility property tax revenues received in calendar year 2020 represent the collection of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien on December 31, 2018, were levied after April 1, 2019, and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Trumbull 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 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility 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 are 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 – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The amount available as an advance at June 30, 2020, was \$31,602 in the general, \$3,297 in the bond retirement fund, and \$567 in the permanent improvement fund. The amount available as an advance at June 30, 2019, was \$39,363 in the general, \$4,093 in the bond retirement fund, and \$704 in the permanent improvement fund.

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

	2019 First Half Collections		2020 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$216,432,070	96.23%	\$216,276,580	95.86%
Public Utility Personal	8,488,990	3.77	9,330,740	4.14
Total	\$224,921,060	100.00%	\$225,607,320	100.00%
Full Tax Rate per \$1,000 of assessed valuation	\$52.40		\$52.30	

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 8 – Tax Abatements

School District property taxes were reduced as follows under community reinvestment area agreements entered into by overlapping governments:

Overlapping Government	Amount of Fiscal Year 2020 Taxes Abated
<i>Community Reinvestment Areas:</i>	
Liberty Township	\$60,054

Note 9 – Receivables

Receivables at June 30, 2020, consisted of accounts (student fees, charges for services, rent and miscellaneous), tuition and intergovernmental grants, and property taxes. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
Regular Tuition	\$134,953
Medicaid	79,949
Title I-A Grant	61,888
HB 264 Federal Subsidy	57,828
Special Education Tuition	34,653
Public School Preschool Grant	21,910
Title II-A Grant	4,384
Preschool Restoration Grant	4,360
Title IV-A Grant	2,327
COVID 19 Lunch Grant	1,890
IDEA-B Special Education Grant	1,237
Total	\$405,379

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 10 – Capital Assets

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

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020
Governmental Activities				
<i>Nondepreciable Capital Assets</i>				
Land	\$349,160	\$0	\$0	\$349,160
Construction in Progress	1,213,153	226,603	(1,439,756)	0
<i>Total Nondepreciable Capital Assets</i>	1,562,313	226,603	(1,439,756)	349,160
<i>Depreciable Capital Assets</i>				
Land Improvements	1,406,305	650,000	0	2,056,305
Buildings and Improvements	16,767,756	13,850	0	16,781,606
Furniture and Fixtures	4,504,818	1,439,756	0	5,944,574
Vehicles	697,714	167,822	(65,796)	799,740
<i>Total Depreciable Capital Assets</i>	23,376,593	2,271,428	(65,796)	25,582,225
<i>Less: Accumulated Depreciation</i>				
Land Improvements	(1,329,504)	(39,709)	0	(1,369,213)
Buildings and Improvements	(10,050,205)	(278,790)	0	(10,328,995)
Furniture and Fixtures	(4,193,195)	(127,870)	0	(4,321,065)
Vehicles	(599,782)	(17,839)	65,796	(551,825)
<i>Total Accumulated Depreciation</i>	(16,172,686)	(464,208) *	65,796	(16,571,098)
<i>Depreciable Capital Assets, Net of Accumulated Depreciation</i>	7,203,907	1,807,220	0	9,011,127
<i>Governmental Activities Capital Assets, Net</i>	\$8,766,220	\$2,033,823	(\$1,439,756)	\$9,360,287

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$366,991
Support Services:	
Pupils	725
Instructional Staff	11,650
Administration	50,619
Operation and Maintenance of Plant	6,484
Pupil Transportation	17,563
Operation of Food Service	5,168
Extracurricular Activities	5,008
Total Depreciation Expense	\$464,208

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 11 – Long-Term Obligations

Original issue amounts and interest rates of the School District’s debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Year of Maturity
2019 Energy Savings Project Note	4.08%	\$1,539,628	2034
2019 Turf Athletic Field Note	4.354%	\$650,000	2029
2011 Energy Conservation Improvement Bonds:			
Term Bonds	5.43%	\$2,327,350	2025
2014 Refunding Bonds:			
Serial Bonds	2.50% to 4.50%	4,335,000	2016 to 2020

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

	Principal Outstanding June 30, 2019	Additions	Deductions	Principal Outstanding June 30, 2020	Amount Due in One Year
Governmental Activities					
Long-Term Notes from direct borrowings:					
2019 Energy Savings Project Note	\$1,539,628	\$0	(\$37,715)	\$1,501,913	\$77,753
2019 Turf Athletic Field Note	650,000	0	(53,139)	596,861	55,478
<i>Total Long-Term Notes from direct borrowings</i>	<u>2,189,628</u>	<u>0</u>	<u>(90,854)</u>	<u>2,098,774</u>	<u>133,231</u>
General Obligation Bonds:					
2011 Energy Conservation Improvement Bonds	2,327,350	0	0	2,327,350	0
2014 Refunding Bonds:					
Serial Bonds	1,800,000	0	(930,000)	870,000	870,000
Premium	30,978	0	(21,867)	9,111	0
Discount	(10,966)	0	7,741	(3,225)	0
Total 2014 Refunding Bonds	<u>1,820,012</u>	<u>0</u>	<u>(944,126)</u>	<u>875,886</u>	<u>870,000</u>
<i>Total General Obligation Bonds</i>	<u>4,147,362</u>	<u>0</u>	<u>(944,126)</u>	<u>3,203,236</u>	<u>870,000</u>
Other Long-Term Obligations:					
Net Pension Liability:					
SERS	3,170,295	331,801	0	3,502,096	0
STRS	11,757,439	147,532	0	11,904,971	0
Total Net Pension Liability	<u>14,927,734</u>	<u>479,333</u>	<u>0</u>	<u>15,407,067</u>	<u>0</u>
Net OPEB Liability:					
SERS	1,557,861	0	(55,212)	1,502,649	0
Capital Lease	96,623	0	(33,872)	62,751	35,301
Compensated Absences	874,168	129,043	(44,155)	959,056	36,508
<i>Total Other Long-Term Obligations</i>	<u>17,456,386</u>	<u>608,376</u>	<u>(133,239)</u>	<u>17,931,523</u>	<u>71,809</u>
<i>Total Governmental Activities Long-Term Liabilities</i>	<u>\$23,793,376</u>	<u>\$608,376</u>	<u>(\$1,168,219)</u>	<u>\$23,233,533</u>	<u>\$1,075,040</u>

Liberty Local School District
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On January 22, 2019, the School District issued a \$1,539,628 long-term note to provide for an energy savings project. The note is a direct borrowing from the Branch Banking and Trust Company. The primary source of repayment of this obligation is through the utility cost savings. The energy savings project is being capitalized. The note was issued for a 16 year period with final maturity on November 1, 2034. The note will be repaid from the general fund.

On January 22, 2019, the School District issued a \$650,000 long-term note to provide for a turf athletic field. The note is a direct borrowing from the Branch Banking and Trust Company. The primary source of repayment of this obligation is through maintenance cost savings related to no longer maintaining a grass field. The note was issued for a ten year period with final maturity on April 1, 2029. The note will be repaid from the general fund.

The School District's outstanding long-term notes from direct borrowings related to governmental activities of \$2,098,774 contain a provision that in the event of default, the lender may, without any further demand or notice (a) declare the unpaid principal components of the base payments immediately due and payable, (b) proceed by appropriate court action to enforce the School District's performance of the applicable covenants of the agreement or to recover the breach thereof, (c) require the lender to pay over any balance remaining in the project fund to be applied against outstanding required payments in any manner they may reasonably deem appropriate, and (d) avail itself of all available remedies under the agreement, including execution as provided in the agreement, and recovery of attorneys' fees and other expenses.

On December 14, 2010, the School District issued \$2,327,350 in energy conservation improvement qualified school construction bonds to provide for energy improvements to various School District buildings. The primary source of repayment of this obligation is through energy savings as a result of the improvements. The improvements were not capitalized. The bonds were issued for a fifteen year period and are subject to mandatory sinking fund payments. The School District may elect to receive payment directly from the Secretary of the United States Treasury equal to 97 percent of the corresponding interest payable on this issue. The bonds will be repaid from the bond retirement debt service fund.

On December 2, 2013, the School District issued general obligation bonds, in the amount of \$4,335,000, to currently refund bonds previously issued in fiscal year 2006 to advance refund the callable portion of 1997 general obligation bonds. The current refunding was undertaken to take advantage of lower interest rates. The bonds were issued with interest rates varying from 2.5 percent to 4.5 percent and were issued for an eight year period with final maturity on December 1, 2020. The bonds will be retired through the general obligation bond retirement debt service fund.

The bonds were sold at a premium of \$153,069 and a discount of \$54,187. The proceeds of the refunding bond were deposited in an irrevocable trust with an escrow agent to provide for the optional redemption on January 1, 2014, of \$4,345,000 of the outstanding 2006 refunding bonds so as to discharge and satisfy the obligations of the School District.

Compensated absences will be paid from the general fund and the food service, public school preschool, title I and improving teacher quality special revenue funds. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the following funds: general fund and food service, other grants, improving teacher quality, and miscellaneous federal grants special revenue funds. For additional information related to the net pension liability and net OPEB liability, see Notes 16 and 17. The capital lease will be paid from the general fund.

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The overall debt margin of the School District as of June 30, 2020, was \$19,188,768 with an unvoted debt margin of \$225,607. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2020, are as follows:

Fiscal Year Ending June 30	Long-Term Notes		General Obligation Bonds	
	Principal	Interest	Serial	
			Principal	Interest
2021	\$133,231	\$85,883	\$870,000	\$11,963
2022	138,877	80,236	0	0
2023	144,763	74,351	0	0
2024	150,900	68,214	0	0
2025	157,296	61,819	0	0
2026-2030	810,585	204,117	0	0
2031-2035	563,122	58,985	0	0
Total	<u>\$2,098,774</u>	<u>\$633,605</u>	<u>\$870,000</u>	<u>\$11,963</u>

Fiscal Year Ending June 30	2011 Energy Conservation Improvement Bonds			
	Principal	Interest	Subsidy	Sinking Fund
				Payment
2021	\$0	\$126,375	(\$122,186)	\$155,157
2022	0	126,375	(122,186)	155,157
2023	0	126,375	(122,186)	155,156
2024	0	126,375	(122,185)	155,156
2025	0	126,375	(122,185)	155,156
2026	2,327,350	63,188	(61,083)	(775,782)
Total	<u>\$2,327,350</u>	<u>\$695,063</u>	<u>(\$672,011)</u>	<u>\$0</u>

Note 12 – Capital Lease

In fiscal year 2017, the School District entered into capitalized lease obligations for copier equipment. These leases meet criteria for a capital lease and have been recorded on the government-wide statements.

The assets acquired through these capital leases are as follows:

<i>Asset:</i>	
Equipment & Furniture	\$167,904
Less: Accumulated Depreciation	<u>(117,534)</u>
Total Book Value as of June 30, 2020	<u>\$50,370</u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2020:

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Fiscal Year Ending June 30	Governmental Activities
2021	\$37,235
2022	27,926
Total Minimum Lease Payments	65,161
Less: Amount Representing Interest	(2,410)
Present Value of Net Minimum Lease Payments	\$62,751

Capital lease payments have been reclassified and reflected as debt service in the fund financial statements for the general fund. These expenditures are reflected as program expenditures on a budgetary basis.

Note 13 – Interfund Transfers

Transfers made during the year ended June 30, 2020, were as follows:

Transfers To	Transfers From General
Food Service	\$20
District-Managed Student Activity	40,100
Title IIA	3,055
Miscellaneous Federal Grants	540
Bond Retirement	165,000
	\$208,715

The transfers from the general fund to the district-managed student activity special revenue fund to help fund athletic events and the food service, title IIA, miscellaneous federal grant special revenue fund to support programs within those funds. The transfer to the bond retirement fund was to meet debt service requirements paid from the bond retirement fund.

Note 14 – Jointly Governed Organizations

Northeast Ohio Management Information Network (NEOMIN) NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed 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 districts. Each of the districts supports NEOMIN based upon a per pupil charge. The School District paid \$50,706 to NEOMIN during fiscal year 2020.

The Governing board consists of ten members: The Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County participating school districts, three superintendents from Trumbull County participating school districts, and two treasurer (one from each County). The School District was not represented on the Governing Board during fiscal year 2020. The Board exercises total control over the operations of NEOMIN including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school

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district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Educational Service Center, 6000 Youngstown Warren Road, Niles, Ohio 44446.

Trumbull Career and Technical Center The Trumbull Career and Technical Center (the Center) is a distinct political subdivision of the State of Ohio providing vocational needs of the students. The Center is operated under the direction of a Board consisting of one representative from each of the twenty participating school districts' elected boards, which possesses its own budgeting and taxing authority. The Board exercises total control over the operations of the Trumbull Career and Technical Center including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain financial information, write to the Trumbull Career and Technical Center, Cody Holecko, who serves as Treasurer, at 528 Educational Highway, Warren, Ohio 44483.

Note 15 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District maintains comprehensive commercial insurance coverage for real property, building contents, vehicles and general liability.

General liability insurance is maintained in the amount of \$5,000,000 for each occurrence and \$7,000,000 in the aggregate. The School District maintains fleet insurance in the amount of \$5,000,000 for any one accident or loss. The School District maintains replacement cost insurance on buildings and contents in the amount of \$63,990,109.

Settled claims have not exceeded this commercial coverage in any of the past three years. There have not been significant reductions in coverage from last year.

Employee Health Benefits

Effective January 1, 2014, the School District elected to provide employee medical/surgical, prescription drug and vision insurance through a fully funded program with the Ohio School Benefits Consortium and Medical Mutual. Effective January 1, 2016, the School District elected to provide dental through Metlife Dental. Monthly premium rates are \$2,136.24 for family coverage, \$1,541.39 for employee plus spouse, \$1,261.43 for employee plus children and \$728.26 for single coverage. Employees pay 10 percent of the medical and dental premiums per month. Vision insurance premiums are fully paid by the School District.

Worker's Compensation

The School District pays the State Worker's Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll times the contribution rate established by Worker's Compensation for the School District. This rate is calculated based on accident history and administrative costs.

Liberty Local School District
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Note 16 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

The proportionate share of each plan’s unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 17 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend

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benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

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. For fiscal year 2020, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$279,182 for fiscal year 2020. Of this amount \$41,346 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2020, the full employer contribution was allocated to pension.

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The School District's contractually required contribution to STRS was \$891,087 for fiscal year 2020. Of this amount \$129,536 is reported as an intergovernmental payable.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Prior Measurement Date	0.05535520%	0.05347267%	
Current Measurement Date	<u>0.05853240%</u>	<u>0.05383357%</u>	
Change in Proportionate Share	<u><u>0.00317720%</u></u>	<u><u>0.00036090%</u></u>	
Proportionate Share of the Net			
Pension Liability	\$3,502,096	\$11,904,971	\$15,407,067
Pension Expense	\$664,890	\$1,827,841	\$2,492,731

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>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$88,805	\$96,926	\$185,731
Changes of assumptions	0	1,398,469	1,398,469
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	147,109	356,577	503,686
School District contributions subsequent to the measurement date	<u>279,182</u>	<u>891,087</u>	<u>1,170,269</u>
Total Deferred Outflows of Resources	<u><u>\$515,096</u></u>	<u><u>\$2,743,059</u></u>	<u><u>\$3,258,155</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$51,534	\$51,534
Net difference between projected and actual earnings on pension plan investments	<u>44,954</u>	<u>581,850</u>	<u>626,804</u>
Total Deferred Inflows of Resources	<u><u>\$44,954</u></u>	<u><u>\$633,384</u></u>	<u><u>\$678,338</u></u>

\$1,170,269 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

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in the 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:

Fiscal Year Ending June 30:	SERS	STRS	Total
2021	\$211,827	\$925,717	\$1,137,544
2022	(43,368)	231,159	187,791
2023	(2,992)	(19,979)	(22,971)
2024	25,493	81,691	107,184
Total	\$190,960	\$1,218,588	\$1,409,548

Actuarial Assumptions - SERS

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

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

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

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

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled

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members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	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 total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$4,907,689	\$3,502,096	\$2,323,331

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:

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For the Fiscal Year Ended June 30, 2020

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

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

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

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

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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 pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$17,397,788	\$11,904,971	\$7,255,019

Note 17 – Defined Benefit OPEB plans

See Note 16 for a description of the net OPEB liability (asset).

Plan Description – School Employees Retirement System (SERS)

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

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

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

For fiscal year 2020, the School District's surcharge obligation was \$36,957.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$36,957 for fiscal year 2020. Of this amount \$36,957 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 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:

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability:			
Prior Measurement Date	0.05615390%	0.05347267%	
Current Measurement Date	<u>0.05975250%</u>	<u>0.05383357%</u>	
Change in Proportionate Share	<u>0.00359860%</u>	<u>0.00036090%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$1,502,649	\$0	\$1,502,649
Net OPEB (Asset)	\$0	(\$891,613)	(\$891,613)
OPEB Expense	\$87,617	(\$261,310)	(\$173,693)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$22,057	\$80,831	\$102,888
Changes of assumptions	109,751	18,742	128,493
Net difference between projected and actual earnings on OPEB plan investments	3,607	0	3,607
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	106,841	60,801	167,642
School District contributions subsequent to the measurement date	<u>36,957</u>	<u>0</u>	<u>36,957</u>
Total Deferred Outflows of Resources	<u>\$279,213</u>	<u>\$160,374</u>	<u>\$439,587</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$330,122	\$45,362	\$375,484
Changes of assumptions	84,204	977,549	1,061,753
Net difference between projected and actual earnings on OPEB plan investments	0	56,000	56,000
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>8,387</u>	<u>0</u>	<u>8,387</u>
Total Deferred Inflows of Resources	<u>\$422,713</u>	<u>\$1,078,911</u>	<u>\$1,501,624</u>

\$36,957 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 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:

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Fiscal Year Ending June 30:	SERS	STRS	Total
2021	(\$53,150)	(\$201,169)	(\$254,319)
2022	(30,264)	(201,169)	(231,433)
2023	(29,205)	(178,726)	(207,931)
2024	(29,378)	(170,850)	(200,228)
2025	(26,849)	(169,537)	(196,386)
Thereafter	<u>(11,611)</u>	<u>2,914</u>	<u>(8,697)</u>
Total	<u>(\$180,457)</u>	<u>(\$918,537)</u>	<u>(\$1,098,994)</u>

Actuarial Assumptions - SERS

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

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

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

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
Wage Increases	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, net of plan investment expense, including price inflation	
Measurement Date	3.22 percent
Prior Measurement Date	3.70 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 16.

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 System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
School District's proportionate share of the net OPEB liability	\$1,823,932	\$1,502,649	\$1,247,193

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

	1% Decrease (6.00 % decreasing to 3.75%)	Current Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.00 % decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$1,203,927	\$1,502,649	\$1,898,983

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:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.87 percent initial, 4 percent ultimate
Medicare	4.93 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	7.73 percent initial, 4 percent ultimate
Medicare	9.62 initial, 4 percent ultimate

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

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

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

Since the prior measurement date, there was no change to the claims costs process. Claim curves were 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.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 16.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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 assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2019.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 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 asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	\$760,814	\$891,613	\$1,001,584
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$1,011,048	\$891,613	\$745,334

Note 18 – Other Employee Benefits

Compensated Absences

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

Each employee earns sick leave at the rate of one and one-fourth days per month. Upon retirement for both certified and classified employees, payment is made for twenty-five percent of the total sick leave accumulation up to a maximum of 65 days for employees with less than 300 total accumulated sick days; payment is made for one hundred days for employees with 300 or more total accumulated sick days. An employee receiving such payment must meet the retirement provisions set by STRS and SERS.

Life Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance in the amount of \$75,000 to certified and classified employees and 2 times their salary for administrative staff.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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 in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2020, if applicable, cannot be determined at this time.

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. ODE has finalized the adjustments and they did not have any significant impact on the School District's funding.

Litigation

The School District is a party to legal proceedings. The School District management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District and that the School District has adequate liability insurance coverage to protect itself against any material loss.

Note 20 – Set-Asides

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

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

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

	Capital Improvements
Set-Aside Balance as of June 30, 2019	\$0
Current Year Set-Aside Requirement	221,896
Current Year Offsets	(157,942)
Qualifying Disbursements	(55,645)
Total	\$8,309
Set-Aside Balance Carried Forward to Future Fiscal Years	\$8,309
Set-Aside Balance as of June 30, 2020	\$8,309

Note 21 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	\$11,854
Other Governmental Funds	29,532
Total	\$41,386

Note 22 – COVID – 19

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

Note 23 – Changes in Accounting Principles

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The School District evaluated implementing these certain GASB pronouncements based on the guidance in GASB 95.

For fiscal year 2020, the City also implemented the Governmental Accounting Standards Board’s (GASB) *Implementation Guide No. 2018-1*. These changes were incorporated in the School District’s 2020 financial statements; however, there was no effect on beginning net position/fund balance.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

Note 24 – Subsequent Event

On November 3, 2020, the voters approved a 3.25 mills renewal emergency levy in the sum of \$740,680. The levy is for 5 years, commencing in 2021, first due in calendar year 2022. The voters did not pass the 2.5 mills additional permanent improvement levy. This levy would have been for 5 years, commencing in 2020, first due in calendar year 2021.

Liberty Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2020

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Required Supplementary Information

Liberty Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Seven Fiscal Years (1)**

	2020	2019	2018
School District's Proportion of the Net Pension Liability	0.05853240%	0.05535520%	0.05534680%
School District's Proportionate Share of the Net Pension Liability	\$3,502,096	\$3,170,295	\$3,306,849
School District's Covered Payroll	\$2,020,911	\$1,884,133	\$1,779,100
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	173.29%	168.26%	185.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%

(1) Although this schedule is intended to show information for ten years, information prior to 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2017	2016	2015	2014
0.05194950%	0.05211860%	0.05479800%	0.05479800%
\$3,802,224	\$2,973,938	\$2,773,296	\$3,258,661
\$1,636,343	\$1,556,844	\$1,592,328	\$1,698,237
232.36%	191.02%	174.17%	191.88%
62.98%	69.16%	71.70%	65.52%

Liberty Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Four Fiscal Years (1)

	2020	2019	2018
School District's Proportion of the Net OPEB Liability	0.05975250%	0.05615390%	0.05600950%
School District's Proportionate Share of the Net OPEB Liability	\$1,502,649	\$1,557,861	\$1,503,148
School District's Covered Payroll	\$2,020,911	\$1,884,133	\$1,779,100
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	74.36%	82.68%	84.49%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%

(1) Although this schedule is intended to show information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2017

0.05247690%

\$1,495,786

\$1,636,343

91.41%

11.49%

Liberty Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Seven Fiscal Years (1)**

	2020	2019	2018
School District's Proportion of the Net Pension Liability	0.05383357%	0.05347267%	0.05197352%
School District's Proportionate Share of the Net Pension Liability	\$11,904,971	\$11,757,439	\$12,346,422
School District's Covered Payroll	\$6,451,236	\$6,100,743	\$5,775,414
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	184.54%	192.72%	213.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.30%	75.30%

(1) Although this schedule is intended to show information for ten years, information prior to 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2017	2016	2015	2014
0.05150881%	0.04970307%	0.05076883%	0.05076883%
\$17,241,551	\$13,736,474	\$12,348,736	\$14,709,734
\$5,469,000	\$5,213,393	\$5,144,243	\$5,536,569
315.26%	263.48%	240.05%	265.68%
66.80%	72.10%	74.70%	69.30%

Liberty Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
Last Four Fiscal Years (1)

	2020	2019	2018
School District's Proportion of the Net OPEB Liability (Asset)	0.05383357%	0.05347267%	0.05197352%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$891,613)	(\$859,253)	\$2,027,814
School District's Covered Payroll	\$6,451,236	\$6,100,743	\$5,775,414
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-13.82%	-14.08%	35.11%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	176.00%	47.10%

(1) Although this schedule is intended to show information for ten years, information prior to 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2017

0.05150881%

\$2,754,705

\$5,469,000

50.37%

37.30%

Liberty Local School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net Pension Liability				
Contractually Required Contribution	\$279,182	\$272,823	\$254,358	\$249,074
Contributions in Relation to the Contractually Required Contribution	<u>(279,182)</u>	<u>(272,823)</u>	<u>(254,358)</u>	<u>(249,074)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$1,994,157	\$2,020,911	\$1,884,133	\$1,779,100
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$36,957	\$45,490	\$39,741	\$29,811
Contributions in Relation to the Contractually Required Contribution	<u>(36,957)</u>	<u>(45,490)</u>	<u>(39,741)</u>	<u>(29,811)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll (2)	<u>1.85%</u>	<u>2.25%</u>	<u>2.11%</u>	<u>1.68%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.85%</u>	<u>15.75%</u>	<u>15.61%</u>	<u>15.68%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2016	2015	2014	2013	2012	2011
\$229,088	\$205,192	\$220,697	\$235,036	\$259,962	\$256,183
(229,088)	(205,192)	(220,697)	(235,036)	(259,962)	(256,183)
\$0	\$0	\$0	\$0	\$0	\$0
\$1,636,343	\$1,556,843	\$1,592,328	\$1,698,237	\$1,932,803	\$2,038,052
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%
\$25,832	\$39,002	\$38,606	\$31,566	\$43,120	\$61,363
(25,832)	(39,002)	(38,606)	(31,566)	(43,120)	(61,363)
\$0	\$0	\$0	\$0	\$0	\$0
1.58%	2.51%	2.42%	1.86%	2.23%	3.01%
15.58%	15.69%	16.28%	15.70%	15.68%	15.58%

Liberty Local School District
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net Pension Liability				
Contractually Required Contribution	\$891,087	\$903,173	\$854,104	\$808,558
Contributions in Relation to the Contractually Required Contribution	<u>(891,087)</u>	<u>(903,173)</u>	<u>(854,104)</u>	<u>(808,558)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$6,364,907	\$6,451,236	\$6,100,743	\$5,775,414
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability (Asset)				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0</u>	<u>0</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$765,660	\$729,875	\$668,752	\$719,754	\$758,345	\$784,300
<u>(765,660)</u>	<u>(729,875)</u>	<u>(668,752)</u>	<u>(719,754)</u>	<u>(758,345)</u>	<u>(784,300)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$5,469,000	\$5,213,393	\$5,144,243	\$5,536,569	\$5,833,423	\$6,033,077
<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$51,442	\$55,366	\$58,334	\$60,331
<u>0</u>	<u>0</u>	<u>(51,442)</u>	<u>(55,366)</u>	<u>(58,334)</u>	<u>(60,331)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Liberty Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

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 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2018, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Liberty Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Net OPEB Liability

Changes in Assumptions – SERS

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

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

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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.

Changes in Benefit Terms – STRS OPEB

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 2020.

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.

Liberty Local School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2020

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.

**LIBERTY LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education</i>		
Child Nutrition Cluster:		
Non-Cash Assistance:		
National School Lunch Program	10.555	\$57,442
Cash Assistance:		
COVID-19 School Breakfast Program	10.553	8,736
School Breakfast Program	10.553	107,327
COVID-19 National School Lunch Program	10.555	40,461
National School Lunch Program	10.555	270,082
Total Child Nutrition Cluster		<u>484,048</u>
Total U.S. Department of Agriculture		<u>484,048</u>
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education:</i>		
Title I Grants to Local Educational Agencies	84.010	387,543
Title I Grants to Local Educational Agencies	84.010	2,165
Total Title I Grants to Local Educational Agencies		<u>389,708</u>
Special Education Cluster:		
Special Education Grants to States	84.027	301,633
Special Education Grants to States	84.027	42
Special Education Grants to States	84.027	1,290
Total Special Education Cluster		<u>302,965</u>
Improving Teacher Quality State Grants	84.367	66,141
Improving Teacher Quality State Grants	84.367	8,001
Total Improving Teacher Quality State Grants		<u>74,142</u>
Student Support and Academic Enrichment Program	84.424	31,579
Student Support and Academic Enrichment Program	84.424	5,690
Total Student Support and Academic Enrichment Program		<u>37,269</u>
Total U.S. Department of Education		<u>804,084</u>
Total Expenditures of Federal Awards		<u>\$1,288,132</u>

The accompanying notes are an integral part of this schedule.

**LIBERTY LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE 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 Liberty Local School District (the District's) 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 or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



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

Liberty Local School District
Trumbull County
4115 Shady Road
Youngstown, Ohio 44505

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Liberty Local School District, Trumbull County, (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 19, 2021. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

March 19, 2021

OHIO AUDITOR OF STATE KEITH FABER



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

Liberty Local School District
Trumbull County
4115 Shady Road
Youngstown, Ohio 44505

To the Board of Education:

Report on Compliance for the Major Federal Programs

We have audited the Liberty Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Liberty Local School District's major federal programs 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 programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Programs

In our opinion, the Liberty Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 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 each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

March 19, 2021

**LIBERTY LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA #10.555/10.553 Nutrition Cluster; CFDA #84.010 Title 1
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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LIBERTY LOCAL SCHOOLS

BOARD OF EDUCATION OFFICE
4115 SHADY RD., YOUNGSTOWN, OH 44505
330-759-0807 FAX 330-759-1209
Dr. Andy Tommelleo, Interim SUPERINTENDENT
Mrs. Maureen Lloyd, TREASURER

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) JUNE 30, 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Federal Procurement Monitoring	Fully Corrected	

E.J. BLOTT ELEMENTARY
4003 SHADY RD.
330-759-1053
Fax 330-759-9151

W.S. GUY MIDDLE
4115 SHADY RD.
330-759-1733
Fax 330-759-4507

LIBERTY HIGH
1 LEOPARD WAY
330-759-2301
Fax 330-759-4506

SPECIAL SERVICES
1 LEOPARD WAY
330-759-9876
Fax 330-759-4508

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OHIO AUDITOR OF STATE KEITH FABER



LIBERTY LOCAL SCHOOL DISTRICT

TRUMBULL COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/6/2021

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