OHIO AUDITOR OF STATE
KEITH FABER

VAN BUREN LOCAL SCHOOL DISTRICT
HANCOCK COUNTY
JUNE 30, 2021

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Van Buren Local School District
Hancock County
217 South Main Street
Van Buren, Ohio 45889

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position 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 23 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

April 14, 2022

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

Financial Highlights

Key financial highlights for 2021 are as follows:

- Net position decreased $275,883 which represents an 11 percent decrease from the 2020 net position.
- Capital assets decreased $118,943 during fiscal year 2021.
- During the fiscal year, outstanding debt decreased from $865,000 to $318,133.
- During the fiscal year, the School District passed a 1 percent income tax levy for five years. For 2021, the School District reported $762,152 in income tax revenue.

Using this Annual Report

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's only major governmental fund is the general fund.

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

Reporting the School District's Fiduciary Responsibilities

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

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2021 compared to 2020:

Table 1
Net Position

	Governmental Activities		
	2021	2020	Change
Assets			
Current & Other Assets	$ 13,164,507	$ 13,251,326	$ (86,819)
Net Pension/OPEB Asset	714,300	691,217	23,083
Capital Assets	12,479,287	12,598,230	(118,943)
Total Assets	26,358,094	26,540,773	(182,679)
Deferred Outflows of Resources			
Deferred Charges	-	80,081	(80,081)
Pension & OPEB	2,872,274	2,874,325	(2,051)
Total Deferred Outflows of Resources	2,872,274	2,954,406	(82,132)
Liabilities			
Current & Other Liabilities	1,326,114	1,290,013	36,101
Long-Term Liabilities:			
Due Within One Year	138,963	931,273	(792,310)
Due In More Than One Year:			
Pension & OPEB	14,495,041	13,873,496	621,545
Other Amounts	1,067,491	863,567	203,924
Total Liabilities	17,027,609	16,958,349	69,260
Deferred Inflows of Resources			
Property Taxes	7,718,000	7,793,697	(75,697)
Payments in Lieu of Taxes	97,149	52,420	44,729
Pension & OPEB	2,072,677	2,099,897	(27,220)
Total Deferred Inflows of Resources	9,887,826	9,946,014	(58,188)
Net Position			
Net Investment in Capital Assets	12,296,895	11,713,527	583,368
Restricted	987,935	1,275,948	(288,013)
Unrestricted	(10,969,897)	(10,398,659)	(571,238)
Total Net Position	$ 2,314,933	$ 2,590,816	$ (275,883)

Collectively, the net pension liability (NPL), reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27* and the net OPEB liability, pursuant to GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, are the largest liabilities reported by the School District at June 30, 2021. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB asset/liability (NOA/NOL) to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

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

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

Governmental Activities

At fiscal year-end, capital assets represented 47 percent of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. Net investment in capital assets was $12,296,895 at June 30, 2021. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, $987,935, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position is a deficit balance of $10,969,897, which is primarily caused by the accounting treatment related to GASB 68 and GASB 75. The increase in net investment in capital assets is the result of the net increase in capital assets exceeding debt payments.

Current and other assets increased with the most significant increase in income taxes receivable as a result of the income tax levy passed in April 2020. This increase was offset by decreases in property taxes receivable and payments in lieu of taxes receivable. The decrease in capital assets is due to depreciation exceeding capital purchases in the current fiscal year.

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

Long-term liabilities decreased as a result of the School District paying outstanding general obligation bonds in full during fiscal year 2021, net of the issuance of a bus lease purchase and a capital lease.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2021 and 2020.

Table 2
Changes in Net Position

	Governmental Activities		
	2021	2020	Change
Revenues			
Program Revenues			
Charges for Services	$ 929,782	$ 1,384,534	$ (454,752)
Operating Grants	975,390	695,534	279,856
Total Program Revenues	1,905,172	2,080,068	(174,896)
General Revenues			
Property Taxes	8,706,616	8,704,874	1,742
Income Taxes	762,152	-	762,152
Grants & Entitlements	2,756,617	3,019,550	(262,933)
Payments in Lieu of Taxes	468,109	294,419	173,690
Other	219,416	(49,874)	263,587
Total General Revenues	12,912,910	11,968,969	943,941
Total Revenues	14,818,082	14,049,037	769,045
Program Expenses			
Instruction:			
Regular	5,959,308	6,256,450	(297,142)
Special	1,986,336	1,792,399	193,937
Vocational	235,637	193,380	42,257
Other	908,134	726,871	181,263
Support Services:			
Pupils	654,199	769,126	(114,927)
Instructional Staff	366,039	429,740	(63,701)
Board of Education	109,658	75,650	34,008
Administration	1,045,183	974,386	70,797
Fiscal	484,083	533,304	(49,221)
Operation and Maintenance of Plant	1,710,076	1,425,259	284,817
Pupil Transportation	596,509	677,026	(80,517)
Central	126,945	98,428	28,517
Operation of Non-Instructional/Shared Services:			
Food Service Operations	258,706	377,141	(118,435)
Community Services	7,243	-	7,243
Other	-	286	(286)
Extracurricular Activities	645,909	631,872	14,037
Debt Service:			
Interest and Fiscal Charges	-	36,980	(36,980)
Total Expenses	15,093,965	14,998,298	95,667
Change in Net Position	(275,883)	(949,261)	673,378
Net Position Beginning of Year	2,590,816	3,540,077	(949,261)
Net Position End of Year	$ 2,314,933	$ 2,590,816	$ (275,883)

There was an increase in operating grant revenue during 2021 which was primarily caused by increases in federal grant proceeds in addition to Coronavirus Relief funding through the ESSER and broadband Ohio connectivity grants. Charges for services decreased significantly for food service as a result of the COVID-19 pandemic with schools statewide offering free breakfast and lunches for all students, which is funded through grants causing an increase in operating grants. Fluctuations in instructional and support services expenses were caused by changes in the School District's pension and OPEB accruals as previously discussed.

Grants and entitlements decrease as a result of decreases in tax loss reimbursement. Other revenues increase primarily as a result of a large rebate from the Bureau of Workers' Compensation (BWC).

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

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2021	2020	2021	2020
Instruction:				
Regular	$ 5,959,308	$ 6,256,450	$ 5,129,171	$ 5,213,043
Special	1,986,336	1,792,399	1,587,644	1,543,812
Vocational	235,637	193,380	217,647	178,992
Other	908,134	726,871	908,134	726,871
Support Services:				
Pupils	654,199	769,126	534,385	552,216
Instructional Staff	366,039	429,740	350,445	429,240
Board of Education	109,658	75,650	109,658	75,650
Administration	1,045,183	974,386	1,038,001	936,137
Fiscal	484,083	533,304	484,083	533,304
Operation and Maintenance of Plant	1,710,076	1,425,259	1,651,079	1,383,563
Pupil Transportation	596,509	677,026	563,596	646,495
Central	126,945	98,428	118,845	93,028
Operation of Non-Instructional/Shared Services:				
Food Service Operations	258,706	377,141	16,581	124,513
Community Services	7,243	-	1,715	-
Other	-	286	-	13
Extracurricular Activities	645,909	631,872	477,809	444,373
Debt Service:				
Interest and Fiscal Charges	-	36,980	-	36,980
Total Expenses	$ 15,093,965	$ 14,998,298	$ 13,188,793	$ 12,918,230

The total and net cost of services changes were primarily caused by the changes related to NPL/NOA/NOL, as previously discussed.

The dependence upon general revenues for governmental activities is apparent. Approximately 87 percent of governmental activities are supported through taxes and other general revenues. The community, as a whole, is by far the primary support for the School District students.

Governmental Funds

The School District's major funds are accounted for using the modified accrual basis of accounting.

The general fund's net change in fund balance for fiscal year 2021 was an increase of $140,110. The most significant cause of the increase was due to the addition of an income tax levy previously discussed. The increase in other revenue is primarily due to a large rebate from the BWC previously discussed.

General Fund Budgeting Highlights

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

During the course of fiscal year 2021, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

Original Budget Compared to Final Budget During the year, the School District amended both the original estimated revenues and other financing sources and original budgeted appropriations and other financing uses. The most significant amendment to estimated revenues and other financing sources was made to increase income tax revenue estimates, as the School District began to receiving receipts from the 1 percent income tax levy that passed in April of 2020. The School District increased original budgeted appropriations significantly. The most significant changes were to increase expenses for regular instruction.

Final Budget Compared to Actual Results Actual revenues and other financing sources were lower than final budgeted revenues and other financing sources primarily due to decreased tax loss reimbursements. Final budgeted appropriations and other financing uses were higher than actual expenditures and other financing uses due to an overestimation of appropriations as compared to resources.

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Capital Assets and Debt Administration

Capital Assets

Table 4 shows fiscal year 2021 balances compared with 2020.

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

	Governmental Activities	
	2021	2020
Land	$ 431,329	$ 431,329
Land Improvements	330,522	371,894
Buildings and Improvements	11,093,472	11,274,261
Furniture, Fixtures and Equipment	160,031	195,106
Vehicles	281,541	325,640
Construction in Progress	182,392	-
Total	$ 12,479,287	$ 12,598,230

See Note 8 for more information about the capital assets of the School District.

Debt

Table 5 summarizes bonds outstanding. See Notes 9 and 10 for additional details.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2021	2020
General Obligation Bonds	$ -	$ 865,000
Bus Lease-Purchase	182,392	-
Capital Lease	135,741	-
Total	$ 318,133	$ 865,000

Current Issues

The School District is a rural school district located in northern Hancock County. The School district has 1,036 students in grades K – 12 and employs 137 employees.

The district continues the multi-year trend of State Foundation payments resulting in a negative cash flow in regard to State funding. Identification of the district as a wealthy district has seriously hampered any State Foundation support. Local tax dollars are collected and transferred to the State to offset unfunded mandates and other deductions in the Foundation formula. The district participates in a healthy local tax valuation of approximately $323,567,870. For fiscal year 2022 steps have been taken to offset this negative cash flow.

For the close of the most recent fiscal year, the State was working to offset a substantial budget shortfall due to COVID-19 pandemic. Most of the state had been shuttered since March; seriously affecting State-based tax flow. The district was essentially provided an invoice for the foundation shortage in May of 2020 in excess of $300,000. For the close of 2021, the overall negative cash flow from this revenue stream was $1,255,663 taking into account the insufficient funds adjustment from the formula and retirement payments.

In 2020, the local community passed two levies. The first, passed in March/May, was a 1 percent traditional income tax levy. The second, passed in November was an Emergency Levy renewal. These levies are anticipated to provide $2.4 million and $1.275 million respectively. The income tax levy is anticipated to be fully funded in calendar year 2023. With the reductions in revenue for school districts over the last few years, these levies were imperative to the ongoing operations of the district.

The School District is facing unprecedented times in regard to operating a school district during a pandemic. With local county COVID-19 statistics, Hancock County had high transmission rates and the School District is operating on a full schedule. We are dealing with challenging times and Van Buren is meeting these challenges with innovative solutions to unusual problems and modifying management techniques to respond to ever changing issues and situations.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Dawn Jacobs, Treasurer/CFO at Van Buren Local School District, 217 South Main Street, Van Buren, Ohio 45889.

Van Buren Local School District
Hancock County, Ohio
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	$ 3,748,290
Accounts Receivable	10,303
Intergovernmental Receivable	50,154
Property Taxes Receivable	8,658,346
Income Taxes Receivable	588,679
Payments in Lieu of Taxes Receivable	97,149
Prepaid Items	11,586
Net OPEB Asset	714,300
Non-Depreciable Capital Assets	613,721
Depreciable Capital Assets, net	11,865,566
Total Assets	26,358,094
Deferred Outflows of Resources	
Pension	2,446,105
OPEB	426,169
Total Deferred Outflows of Resources	2,872,274
Liabilities	
Accounts Payable	52,209
Accrued Wages and Benefits	1,030,297
Intergovernmental Payable	207,477
Matured Compensated Absences Payable	36,131
Long-Term Liabilities:	
Due Within One Year	138,963
Due In More Than One Year:	
Net Pension Liability	13,306,640
Net OPEB Liability	1,188,401
Other Amounts Due in More Than One Year	1,067,491
Total Liabilities	17,027,609
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	7,718,000
Payments in Lieu of Taxes	97,149
Pension	520,662
OPEB	1,552,015
Total Deferred Inflows of Resources	9,887,826
Net Position	
Net Investment in Capital Assets	12,296,895
Restricted for:	
Capital Outlay	479,054
Debt Service	367,249
State Programs	8,018
Federal Programs	8,445
Locally Funded Programs	19,365
Student Activities	77,223
Other Purposes	28,581
Unrestricted	(10,969,897)
Total Net Position	$ 2,314,933

See accompanying notes to the basic financial statements.

Van Buren Local School District
Hancock County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2021

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	$ 5,959,308	$ 720,939	$ 109,198	$ (5,129,171)
Special	1,986,336	-	398,692	(1,587,644)
Vocational	235,637	-	17,990	(217,647)
Other	908,134	-	-	(908,134)
Support Services:				
Pupils	654,199	-	119,814	(534,385)
Instructional Staff	366,039	500	15,094	(350,445)
Board of Education	109,658	-	-	(109,658)
Administration	1,045,183	-	7,182	(1,038,001)
Fiscal	484,083	-	-	(484,083)
Operation and Maintenance of Plant	1,710,076	-	58,997	(1,651,079)
Pupil Transportation	596,509	18,144	14,769	(563,596)
Central	126,945	-	8,100	(118,845)
Operation of Non-Instructional/Shared Services:				
Food Service Operations	258,706	31,625	210,500	(16,581)
Community Services	7,243	-	5,528	(1,715)
Extracurricular Activities	645,909	158,574	9,526	(477,809)
Total	$ 15,093,965	$ 929,782	$ 975,390	(13,188,793)

General Revenues	
Property Taxes Levied for:	
General Purposes	8,135,093
Debt Service	210,064
Capital Outlay	361,459
Income Taxes Levied for:	
General Purposes	762,152
Grants and Entitlements not Restricted to Specific Programs	2,756,617
Payments in Lieu of Taxes	468,109
Insurance Recoveries	5,703
Investment Earnings	26,378
Miscellaneous	187,335
Total General Revenues	12,912,910
Change in Net Position	(275,883)
Net Position Beginning of Year	2,590,816
Net Position End of Year	$ 2,314,933

See accompanying notes to the basic financial statements.

Van Buren Local School District
Hancock County, Ohio
Balance Sheet
Governmental Funds
June 30, 2021

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Investments	$ 2,817,108	$ 931,182	$ 3,748,290
Accounts Receivable	6,703	3,600	10,303
Intergovernmental Receivable	-	50,154	50,154
Property Taxes Receivable	8,292,532	365,814	8,658,346
Income Taxes Receivable	588,679	-	588,679
Payments in Lieu of Taxes Receivable	92,986	4,163	97,149
Prepaid Items	11,586	-	11,586
Total Assets	$ 11,809,594	$ 1,354,913	$ 13,164,507
Liabilities			
Accounts Payable	$ 35,751	$ 16,458	$ 52,209
Accrued Wages and Benefits	1,014,973	15,324	1,030,297
Intergovernmental Payable	202,386	5,091	207,477
Matured Compensated Absences Payable	36,131	-	36,131
Total Liabilities	1,289,241	36,873	1,326,114
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	7,392,058	325,942	7,718,000
Payments in Lieu of Taxes	92,986	4,163	97,149
Unavailable Revenue	209,952	21,779	231,731
Total Deferred Inflows of Resources	7,694,996	351,884	8,046,880
Fund Balances			
Nonspendable	11,586	-	11,586
Restricted	-	973,565	973,565
Committed	46,712	-	46,712
Assigned	2,563,666	-	2,563,666
Unassigned	203,393	(7,409)	195,984
Total Fund Balance	2,825,357	966,156	3,791,513
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 11,809,594	$ 1,354,913	$ 13,164,507

See accompanying notes to the basic financial statements.

Van Buren Local School District
Hancock County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2021

Total Governmental Fund Balances		$ 3,791,513
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.		12,479,287
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental	$ 18,288	
Delinquent Property Taxes	82,233	
Income Taxes	131,210	231,731
The net pension liability and net OPEB liability are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	714,300	
Deferred Outflows - Pension	2,446,105	
Deferred Outflows - OPEB	426,169	
Net Pension Liability	(13,306,640)	
Net OPEB Liability	(1,188,401)	
Deferred Inflows - Pension	(520,662)	
Deferred Inflows - OPEB	(1,552,015)	(12,981,144)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Lease	(135,741)	
Lease Purchase	(182,392)	
Compensated Absences	(888,321)	(1,206,454)
Net Position of Governmental Activities		$ 2,314,933

See accompanying notes to the basic financial statements.

Van Buren Local School District
Hancock County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property and Other Local Taxes	$ 8,166,946	$ 581,951	$ 8,748,897
Income Taxes	630,942	-	630,942
Intergovernmental	2,647,311	1,078,706	3,726,017
Investment Income	30,273	6	30,279
Tuition and Fees	706,150	-	706,150
Extracurricular Activities	54,000	131,739	185,739
Charges for Services	5,917	31,625	37,542
Rent	351	-	351
Contributions and Donations	11,038	25,985	37,023
Payments in Lieu of Taxes	466,051	2,058	468,109
Other	191,957	262	192,219
Total Revenues	12,910,936	1,852,332	14,763,268
Expenditures			
Current:			
Instruction:			
Regular	5,292,881	167,970	5,460,851
Special	1,645,781	265,244	1,911,025
Vocational	216,582	2,307	218,889
Other	908,134	-	908,134
Support Services:			
Pupils	540,716	116,863	657,579
Instructional Staff	313,241	14,614	327,855
Board of Education	109,658	-	109,658
Administration	954,293	25,825	980,118
Fiscal	460,143	12,238	472,381
Operation and Maintenance of Plant	1,206,717	413,619	1,620,336
Pupil Transportation	500,390	18,896	519,286
Central	112,026	8,100	120,126
Operation of Non-Instructional/Shared Services:			
Operation of Non-Instructional/Shared Services	-	231,647	231,647
Food Service Operations	-	8,476	8,476
Extracurricular Activities	431,867	148,377	580,244
Capital Outlay	-	182,392	182,392
Debt Service			
Principal Retirement	-	865,000	865,000
Interest and Fiscal Charges	-	21,625	21,625
Total Expenditures	12,692,429	2,503,193	15,195,622
Excess of Revenues Over (Under) Expenditures	218,507	(650,861)	(432,354)
Other Financing Sources (Uses)			
Proceeds from Sale of Capital Assets	5,900	-	5,900
Insurance Recoveries	5,703	-	5,703
Inception of Capital Lease	-	135,741	135,741
Incecption of Lease Purchase	-	182,392	182,392
Transfers In	-	90,000	90,000
Transfers Out	(90,000)	-	(90,000)
Total Other Financing Sources (Uses)	(78,397)	408,133	329,736
Net Change in Fund Balances	140,110	(242,728)	(102,618)
Fund Balances Beginning of Year	2,685,247	1,208,884	3,894,131
Fund Balances End of Year	$ 2,825,357	$ 966,156	$ 3,791,513

See accompanying notes to the basic financial statements.

Van Buren Local School District
Hancock County, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds		$ (102,618)
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 activites, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	$ 182,392	
Current Year Depreciation	(301,335)	(118,943)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	(31,033)	
Property Taxes	(42,281)	
Income Tax	131,210	
Accrued Interest	(3,901)	
Accounts	(10,784)	43,211
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds		865,000
Debt proceeds issued in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
Lease Purchase		(182,392)
Inception of capital lease in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		(135,741)
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	3,446	
Amortization of Premium on Bonds	99,784	
Amortization of Refunding Loss	(80,081)	23,149
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	958,060	
OPEB	33,521	991,581
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,601,395)	
OPEB	36,521	(1,564,874)
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		(94,256)
Change in Net Position of Governmental Activities		$ (275,883)

See accompanying notes to the basic financial statements.

Van Buren Local School District
Hancock County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues and Other Financing Sources	$ 11,500,000	$ 13,146,720	$ 12,760,081	$ (386,639)
Expenditures and Other Financing Uses	13,799,574	15,598,574	12,632,617	2,965,957
Net Change in Fund Balance	(2,299,574)	(2,451,854)	127,464	2,579,318
Fund Balance Beginning of Year	2,434,590	2,434,590	2,434,590	-
Prior Year Encumbrances Appropriated	47,574	47,574	47,574	-
Fund Balance End of Year	$ 182,590	$ 30,310	$ 2,609,628	$ 2,579,318

See accompanying notes to the basic financial statements.

Van Buren Local School District
Hancock County, Ohio
Statement of Fiduciary Net Position
Custodial Fund
June 30, 2021

	Custodial
Assets	
Equity in Pooled Cash and Investments	$ 2,791
Total Assets	2,791
Net Position	
Restricted for Individuals, Organizations, and Other Governments	2,791
Total Net Position	$ 2,791

See accompanying notes to the basic financial statements.

Van Buren Local School District
Hancock County, Ohio
Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Fiscal Year Ended June 30, 2021

	Custodial
Additions	
Extracurricular Amounts Collected for Other Governments	12,358
Total Additions	12,358
Deductions	
Extracurricular Distributions to Other Governments	9,567
Total Deductions	9,567
Change in Net Position	2,791
Net Position Beginning of Year	-
Net Position End of Year	$ 2,791

See accompanying notes to the basic financial statements.

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1936 and serves an area of approximately forty-eight square miles. It is located in Hancock County and includes all of the Village of Van Buren and Allen Township and portions of Cass, Marion, and Portage Townships.

Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, *The Financial Reporting Entity* as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and 34*. A reporting entity is composed of the primary government, component units, and other organizations that are included to insure 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 Van Buren Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s Governing Board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; or (3) 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 (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the School District has no component units. The basic financial statements of the reporting entity include only those of the School District (the primary government).

The School District is associated with one jointly governed organization and three insurance pools. These organizations are the Northwest Ohio Area Computer Services Cooperative, Hancock County Schools Health Benefit Fund, Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Ohio School Plan. These organizations are presented in Notes 17 and 18 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School District's basic financial statements consist of government-wide financial 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 activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the School District has no business-type activities.

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

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal 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 reported in two categories, governmental and fiduciary.

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

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

Other governmental funds of the School District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The School District's only fiduciary fund is a custodial fund. Custodial funds are used to account for assets held by the School District as fiscal agent for the Ohio High School Athletic Association (OHSAA).

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets, all deferred outflows of resources, all liabilities and all 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 (e.g. revenues) and decreases (e.g. expenses) in total net position.

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 and enterprise 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.

D. 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 and fiduciary funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, recording of deferred outflows of resources and deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange 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 the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means 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.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the 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 both measurable and available at fiscal year-end: property taxes available as an advance, grants, interest, tuition, student fees, and charges for services.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 14 and 15.

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, payments in lieu of taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and 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 may include delinquent property taxes, income taxes, grants and entitlements. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 14 and 15).

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as intergovernmental revenue.

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.

E. Budgetary Data

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of 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 amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control selected by the Board is at the fund level for all funds. Budgetary allocations at the function and object level for all funds are made by the School District Treasurer. Any revisions that alter the level of budgetary control must be approved by the Board of Education.

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

The appropriations resolution is subject to amendment throughout the fiscal year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward 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.

F. Cash and Investments

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 School District records. Interest in the pool is presented as "equity in pooled cash and investments".

During fiscal year 2021, the School District invested in negotiable certificates of deposit and governmental money markets. Investments are reported at fair value, except for nonnegotiable certificates of deposit which are reported at cost. Fair value is based on quoted market price or current share price.

Under existing Ohio statues, all investment earnings are assigned to the general fund except for those specifically related to the building capital projects fund (a nonmajor governmental fund), or certain trust funds individually authorized by board resolution. Investment earnings (including fair market value adjustments for investments) credited to the general fund during fiscal year 2021 amounted to $30,273 which includes $9,844 assigned from other School District funds.

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed. On the fund financial statements, reported payments are equally offset by a nonspendable fund balance which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

H. Capital Assets

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

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

All capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

Description	Governmental Activities Estimated Lives
Land Improvments	10 - 30 years
Buildings and Improvements	6 - 107 years
Furniture, Fixtures, and Equipment	5 - 25 years
Vehicles	5 - 15 years

I. Deferred Charge on Refunding

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This deferred amount is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as deferred outflows of resources on the statement of net position. As of June 30, 2021, this amount has been fully amortized.

J. Compensated Absences

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

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

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

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

K. Accrued Liabilities and Long-Term Obligations

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

L. Bond Discounts and Premiums

In the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Interest on the capital appreciation bonds is accreted over the term of the bonds.

On the governmental fund financial statements, bond premiums and bond discounts are recognized in the period in which debt is issued. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses.

M. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2021, there was no net position restricted by enabling legislation.

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

N. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.
Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (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 nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

O. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund 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 and after non-operating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

P. 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.

Q. Pensions and Other Postemployment Benefits (OPEB)

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

R. Extraordinary and Special Items

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Implementation of New Accounting Principles

For the fiscal year ended June 30, 2021, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61,* certain provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates* and GASB Statement No. 98*, The Annual Comprehensive Financial Report.*

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the School District.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of the School District.

GASB Statement No. 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of GASB Statement No. 98 did not have an effect on the financial statements of the School District.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.
Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer's investment pool (STAR Ohio);

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days and two hundred and seventy days, respectively, in an amount not to exceed 40 percent of the interim moneys available for investment at any on time; and,

8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Deposits - At year-end, none of the School District's bank balance of $784,885 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the School District's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS 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, 2021, the School District had the following investments:

			Investment Maturities		
Rating	Investment Type	Measurement Amount	12 Months or Less	12 to 36 Months	Percent of Total
	Net Asset Value (NAV):				
N/A	Money Market	$ 2,049,421	$ 2,049,421	$ -	67.09%
Aaa	Money Market Mutual Fund	275,029	275,029	-	9.00%
	Fair Value:				
N/A	Negotiable Certificates of Deposit	730,484	415,934	314,550	23.91%
	Total	$ 3,054,934	$ 2,740,384	$ 314,550	100.00%

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2021. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

Interest Rate Risk The School District's investment policy addresses interest rate risk to the extent that it allows the Treasurer to invest funds to a maximum maturity of five years, and allows for the withdrawal of funds from approved public depositories or sale of negotiable instruments prior to maturity. State statute requires that an investment mature within five years from the date of 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.

Credit Risk The School District's investments at June 30, 2021 are rated as shown above by S & P Global Rating. The School District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk The School District places no limit on the amount that may be invested in any one issuer.

NOTE 5 - PROPERTY TAXES

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

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

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

The School District receives property taxes from Hancock County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2022 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

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

	2020 Second-Half Collections		2021 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$ 281,063,610	92.53%	$ 290,280,650	89.71%
Public Utility Personal Property	22,687,800	7.47%	33,287,220	10.29%
Total Assessed Values	$ 303,751,410	100.00%	$ 323,567,870	100.00%
Tax rate per $1,000 of assessed valuation	$ 38.89		$ 36.65	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2021, consisted of property taxes, income taxes, payments in lieu of taxes, accounts, and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of Federal Funds. All receivables are expected to be collected within one year.

In prior years, tax abatement agreements were entered into between Hancock County, various townships and local businesses and were accepted by the School District to encourage economic growth in the County. In return for the abatements, the businesses agreed to make payments in lieu of taxes to the School District. Each agreement states a specified percentage that the businesses will pay based on the amount of real property taxes the School District would have received. The receivables have been recorded in the funds pursuant to the agreements. The receivable is recorded in the amount the School District will receive in the subsequent fiscal year.

NOTE 7 - PAYMENT IN LIEU OF TAXES

According to State law, the City of Findlay has entered into agreements with a number of property owners under which the City has granted property tax exemptions to those property owners. The property owners have agreed to make payments to the City which reflect all or a portion of the property taxes which the property owners would have paid if the taxes had not been exempted. The agreements provide for a portion of these payments to be made to the School District. The property owners contractually promise to make these payments in lieu of taxes until the agreement expires. Since fiscal year 2020, the School District has worked with the Board of Revision and has ultimately affected direct payment agreements based on adjusted valuation. It is anticipated to bring in approximately $97,000 in additional revenue for fiscal year 2022.

NOTE 8 – CAPITAL ASSETS

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

	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021
Governmental Activities				
Capital Assets not being depreciated				
Land	$ 431,329	$ -	$ -	$ 431,329
Construction in Progress	-	182,392	-	182,392
Total Capital Assets not being Depreciated	431,329	182,392	-	613,721
Capital Assets being depreciated				
Land Improvements	997,290	-	-	997,290
Buildings and Improvements	15,475,309	-	-	15,475,309
Furniture, Fixtures and Equipment	918,498	-	-	918,498
Vehicles	1,496,931	-	-	1,496,931
Total Capital Assets Being Depreciated	18,888,028	-	-	18,888,028
Less Accumulated Depreciation:				
Land Improvements	(625,396)	(41,372)	-	(666,768)
Buildings and Improvements	(4,201,048)	(180,789)	-	(4,381,837)
Furniture, Fixtures and Equipment	(723,392)	(35,075)	-	(758,467)
Vehicles	(1,171,291)	(44,099)	-	(1,215,390)
Total Accumulated Depreciation	(6,721,127)	(301,335) *	-	(7,022,462)
Total Capital Assets Being Depreciated, Net	12,166,901	(301,335)	-	11,865,566
Governmental Activities Capital Assets, Net	$ 12,598,230	$ (118,943)	$ -	$ 12,479,287

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 131,300
Special	11,290
Vocational	6,047
Support Services:	
Pupils	1,392
Instructional Staff	1,993
Administration	10,097
Fiscal	3,058
Operation and Maintenance of Plant	41,807
Pupil Transportation	39,144
Operation of Non-Instructional Services:	
Food Service Operations	18,329
Extracurricular Activities	36,878
Total Depreciation	$ 301,335

NOTE 9 - LONG-TERM OBLIGATIONS

Changes in long-term obligations of the School District during fiscal year 2021 were as follows:

	Outstanding 6/30/2020	Additions	Deductions	Outstanding 6/30/2021	Due In One Year
Governmental Activities					
General Obligation Bonds:					
2010 School Facilities Construction and Improvement Funding					
Serial Bonds	$ 865,000	$ -	$ 865,000	$ -	$ -
Bond Premium	99,784	-	99,784	-	-
Total General Obligation Bonds	964,784	-	964,784	-	-
Direct Borrowing:					
Bus Lease-Purchase	-	182,392	-	182,392	37,905
Other Long-Term Liabilities:					
Net Pension Liability	12,473,088	833,552		13,306,640	-
Net OPEB Liability	1,400,408	-	212,007	1,188,401	-
Compensated Absences	830,056	94,256	35,991	888,321	71,936
Capital Lease	-	135,741	-	135,741	29,122
Total Governmental Long-Term Liabilities	$ 15,668,336	$ 1,245,941	$ 1,212,782	$ 15,701,495	$ 138,963

2010 School Facilities Construction and Improvement Refunding Bonds

On May 5, 2010, the School District issued $6,240,000 in general obligation bonds to refund bonds previously issued for constructing a building addition. The bond issue includes serial and capital appreciation bonds, in the original amount of $6,165,000 and $75,000, respectively. The bonds were issued for an eleven year period, with final maturity in fiscal year 2021. The bonds were retired through the bond retirement fund (a nonmajor governmental fund).

None of the refunding bonds were subject to redemption prior to maturity. The capital appreciation bonds matured on December 1, 2016, in the amount of $710,000.

At June 30, 2021, the refunded bonds were paid in full.

Bus Lease-Purchase Agreement

During fiscal year 2020, the School District entered into a lease-purchase agreement for two school buses. The buses will be capitalized when received in fiscal year 2022 in the amount of $182,392 representing the present value of the minimum lease payments at the time of the acquisition. The lease-purchase will be paid from the permanent improvement fund. In the event of default, as defined by the lease agreement, the amounts payable by the School District may become due. If payments are not made, the lessor may retake possession of the buses and hold the School District liable for amounts payable.

Principal and interest requirements to retire the lease purchase agreement at June 30, 2021 are as follows:

Fiscal	Bus Leas-Purchase	
Year	Principal	Interest
2022	$ 37,905	$ 364
2023	34,874	3,395
2024	35,693	2,576
2025	36,532	1,737
2026	37,388	881
Totals	$182,392	$ 8,953

Compensated absences will be paid from the general fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Notes 14 and 15.

NOTE 10 – CAPITAL LEASE

During 2021, a lease-purchase agreement was entered into with TEQlease Education Finance for furniture and equipment for the food court. The assets acquired by this lease-purchase have not been capitalized. The amount of $135,741, which is equal to the present value of the future minimum lease payments at the time of acquisition.

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

		Capital Lease
Fiscal Year Ending June 30,	2022	$ 29,326
	2023	29,326
	2024	29,327
	2025	29,327
	2026	29,327
		146,633
Less: Amount Representing Interest		(10,892)
Present Value of Minimum Lease Payments		$135,741

NOTE 11 - BUDGETARY BASIS OF ACCOUNTING

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

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

2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

3. Encumbrances are treated as expenditures (budget) rather than as restricted, committed or assigned fund balance (GAAP).

4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets.

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

Net Change in Fund Balance

GAAP Basis	$	140,110
Net Adjustment for Revenue Accruals		(103,905)
Net Adjustment for Expenditure Accruals		141,091
Funds Budgeted Elsewhere **		3,743
Adjustment for Encumbrances		(53,575)
Budget Basis	$	127,464

** As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes uniform school supplies, rotary fund – special services, adult education, rotary, public school support, and termination benefits (severance) funds.

NOTE 12 - SET-ASIDES

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

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

		Capital Improvements
Set-aside Restricted Balance as of June 30, 2020	$	-
Current Year Set-aside Requirement		188,059
Current Year Offsets		(396,045)
Totals	$	(207,986)
Balance Carried Forward to Fiscal Year 2022	$	-
Set-aside Restricted Balance as of June 30, 2021	$	-

NOTE 13 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the School District contracted for the following insurance coverage:

Coverage provided by the Ohio School Plan is as follows:

General School District Liability	
Per Occurrence	$55,501,263
Aggregate	5,000,000
Building and Contents	55,501,263
Employers Liability	55,501,263
Automobile Liability	3,000,000
Uninsured Motorists	1,000,000

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 15 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org 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 year of service; 2.2 percent for the first 30 years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of zero 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, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2021.

The School District's contractually required contribution to SERS was $245,023 for fiscal year 2021. Of this amount, $17,112 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 retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

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. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for 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. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit plan unfunded liability. A member is eligible to receive a monthly retirement benefit at age 50 and termination of employment. The member may elect to receive 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 50 and after termination of employment.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2021 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was $713,037 for fiscal year 2021. Of this amount, $115,820 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.05250060%	0.04064292%	
Prior Measurement Date	0.05421600%	0.04173412%	
Change in Proportionate Share	-0.00171540%	-0.00109120%	
Proportionate Share of the Net Pension Liability	$ 3,472,500	$ 9,834,140	$ 13,306,640
Pension Expense	$ 406,351	$ 1,195,044	$ 1,601,395

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

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 6,746	$ 22,066	$ 28,812
Net Difference between Projected and Actual Earnings on Pension Plan Investments	220,432	478,234	698,666
Changes of Assumptions	-	527,905	527,905
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	24,213	208,449	232,662
School District Contributions Subsequent to the Measurement Date	245,023	713,037	958,060
Total Deferred Outflows of Resources	$ 496,414	$ 1,949,691	$ 2,446,105
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ -	$ 62,881	$ 62,881
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	83,170	374,611	457,781
Total Deferred Inflows of Resources	$ 83,170	$ 437,492	$ 520,662

$958,060 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ (28,331)	$ 286,523	$ 258,192
2023	35,655	70,747	106,402
2024	91,881	274,473	366,354
2025	69,016	167,419	236,435
	$ 168,221	$ 799,162	$ 967,383

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2130.

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

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

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

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

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

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

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

Discount Rate Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability.

Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	$ 4,756,901	$ 3,472,500	$ 2,394,863

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation, are presented below:

Inflation	2.50 percent
Acturial Cost Method	Entry Age Normal (Level Percent of Payroll)
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	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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 Tables, 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.

The actuarial assumptions used in the June 30, 2020 valuation, were based on the results of the latest available actuarial experience study, which is 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:

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the School District's proportionate share of the net pension liability as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	$ 14,002,104	$ 9,834,140	$ 6,302,139

Social Security System

Effective July 1, 1991, all employees not otherwise covered by School Employees Retirement System or State Teachers Retirement System have an option to choose Social Security. The School District's liability is 6.2 percent of wages paid.

NOTE 15 - DEFINED BENEFIT OPEB PLANS

See Note 14 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was $33,521, which 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 were discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.05468100%	0.04064300%	
Prior Measurement Date	0.05568700%	0.04173400%	
Change in Proportionate Share	-0.00100600%	-0.00109100%	
Proportionate Share of the Net OPEB Liability (Asset)	$ 1,188,401	$ (714,300)	
OPEB Expense	$ 11,569	$ (48,090)	$ (36,521)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 15,609	$ 45,771	$ 61,380
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	13,391	25,034	38,425
Changes of Assumptions	202,580	11,792	214,372
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	53,644	24,827	78,471
School District Contributions Subsequent to the Measurement Date	33,521	-	33,521
Total Deferred Outflows of Resources	$ 318,745	$ 107,424	$ 426,169
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 604,384	$ 142,278	$ 746,662
Changes of Assumptions	29,933	678,467	708,400
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	44,205	52,748	96,953
Total Deferred Inflows of Resources	$ 678,522	$ 873,493	$ 1,552,015

$33,521 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$ (78,493)	$ (190,066)	$ (268,559)
2023	(77,527)	(173,124)	(250,651)
2024	(77,681)	(167,183)	(244,864)
2025	(74,300)	(169,476)	(243,776)
2026	(60,837)	(31,453)	(92,290)
Thereafter	(24,460)	(34,767)	(59,227)
	$ (393,298)	$ (766,069)	$ (1,159,367)

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2034. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e., municipal bond rate).

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	$ 1,454,569	$ 1,188,401	$ 976,791

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	$ 935,772	$ 1,188,401	$ 1,526,221

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	Initial	Ultimate
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-6.69 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	11.87 percent	4.00 percent

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

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

The actuarial assumptions used in the June 30, 2020 valuation were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as of June 30, 2020, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	$ (621,488)	$ (714,300)	$ (793,048)

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	$ (788,160)	$ (714,300)	$ (624,328)

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

NOTE 16 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month to a maximum of two hundred forty-five days. The maximum amount of sick leave days that may be paid upon retirement is sixty-one and one-fourth days for administrators and certified employees and sixty-one days for classified employees.

B. Health Care Benefits

The School District provides medical, dental, vision, and life insurance to all employees through the Hancock County Schools Health Benefit Fund. Depending upon the plan chosen, the employees share the cost of monthly premium with the Board. The premium varies with employee depending on the terms of the union contract.

NOTE 17 - JOINTLY GOVERNED ORGANIZATION

Northwest Ohio Area Computer Services Cooperative – The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC), which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, Seneca, Van Wert, Wyandot, and Wood Counties. The organization was founded for the purpose of applying modem technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of NOACSC consists of two representatives from Hancock, Paulding, Allen, Mercer, Putnam, and Van Wert Counties and two at large members. During fiscal year 2021, the School District paid $56,663 to NOACSC for various services. Financial information can be obtained from NOACSC, 4277 East Road, Lima, Ohio 45804.

NOTE 18 - INSURANCE POOLS

A. Hancock County Schools Health Benefit Fund

Hancock County Schools Health Benefit Fund is a public entity shared risk pool consisting of seven local school districts, the Hancock County Educational Service Center, and the Blanchard Valley Board of Developmental Disabilities. The Fund is a Voluntary Employee Benefit Association under Section 501 (c)(9) of the Internal Revenue Code and provides medical, dental, vision, and life insurance benefits to the employees of the participants. Each participant's superintendent is appointed to an Administrative Committee which advises the consultant concerning aspects of the administration of the Fund.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Fund is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Assured Partners, 285 Cozzins Street, Columbus, Ohio 43215.

B. Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

The GRP's business and affairs are conducted by OSBA's Executive Director and staff designees, who serve as coordinator of the GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

C. Ohio School Plan

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool for school districts in the State of Ohio. The Ohio School Plan provides affordable, comprehensive, property and liability coverage to Ohio's Public Schools and Boards of Developmental disabilities and community colleges. The OSP is managed by the Board of Directors comprised of individual representatives from various OSP members. The Board ensures the program meets the common needs of all its members. Information can be obtained from Ohio School Plan, 811 Madison Avenue, Toledo, OH 43603, www.ohioschoolplan.org, 800.288.6821.

NOTE 19 - CONTINGENCIES

A. Grants

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

B. Litigation

There are currently no matters in litigation with the School District as defendant.

C. Foundation Funding

School district foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2021 are finalized. As a result, the net impact of the FTE adjustments on the fiscal year 2021 financial statements was a receivable to the District totaling $552. This amount was not reported in the financial statements.

NOTE 20 - OTHER COMMITMENTS

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

Fund	Amount
General	$ 46,042
Nonmajor Governmental	82,830
Total	$ 128,872

NOTE 21 - TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Local governments within the taxing district entered into property tax abatement agreements with property owners under Enterprise Zone tax abatement agreements. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. The agreements affect the property tax receipts collected and distributed to the School District. Under the agreements, the School District property taxes were reduced by $35,551 during fiscal year 2021.

NOTE 22 - INTERFUND ACTIVITY

A. Interfund Balances

In a prior fiscal year, the School District made an advance in the amount of $50,000 to the district managed student activities fund that was not repaid within the subsequent fiscal year and was, therefore, reclassified as a long-term advance to/from other funds. During fiscal year 2021, the School District determined that the district managed student activities fund was unable to repay the advance. Therefore, the School Board approved the advance to be reclassified as a permanent transfer.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances are reported on the Statement of Net Position at June 30, 2021.

B. Transfers

During fiscal year 2021, the general fund made transfers to the food service fund in the amount of $40,000 to subsidize operations of the fund.

NOTE 23 - COVID-19

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

NOTE 24 - FUND BALANCE

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

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

	General	Other Governmental Funds	Total
Nonspendable for:			
Prepaid Items	$ 11,586	$ -	$ 11,586
Restricted for:			
Debt Service	-	367,249	367,249
Capital Outlay	-	475,563	475,563
Student Activities	-	77,223	77,223
Other Purposes	-	53,530	53,530
Total Restricted	-	973,565	973,565
Committed for:			
Severance Payments	46,712	-	46,712
Assigned for:			
Instruction	27,792	-	27,792
Support Services	18,250	-	18,250
Subsequent Year Appropriations	2,404,280	-	2,404,280
Other Purposes	113,344	-	113,344
Total Assigned	$ 2,563,666	$ -	$ 2,563,666
Unassigned	203,393	(7,409)	195,984
Total Fund Balance	$ 2,825,357	$ 966,156	$ 3,791,513

Note 25 - Income Taxes

The School District levies a voted tax of 1 percent for general operations on the income of residents and of estates. The tax was levied on January 1, 2021 and will continue for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

NOTE 26 - ACCOUNTABILITY

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

Non-Major Governmental Funds:		
High School That Works	$	181
Title I		7,228
Total	$	7,409

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

NOTE 27 - SUBSEQUENT EVENT

For fiscal year 2022, school district foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported $872,243 in revenues and expenditures/expenses related to these programs. Also during fiscal year 2021, the school district reported $707,332 in tuition and fees from the resident school districts which will be direct funded to the School District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each school district. The School District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

Van Buren Local School District
Hancock County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Eight Fiscal Years (1)

	2021	2020	2019	2018
School Employees Retirement System (SERS)				
School District's Proportion of the Net Pension Liability	0.05250060%	0.05421600%	0.05237620%	0.05252330%
School District's Proportionate Share of the Net Pension Liability	$ 3,472,500	$ 3,243,838	$ 2,999,682	$ 3,138,151
School District's Covered Payroll	$ 1,600,900	$ 2,035,911	$ 1,689,963	$ 1,681,929
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	216.91%	159.33%	177.50%	186.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%
State Teachers Retirement System (STRS)				
School District's Proportion of the Net Pension Liability	0.04064292%	0.04173412%	0.04029589%	0.04245213%
School District's Proportionate Share of the Net Pension Liability	$ 9,834,140	$ 9,229,250	$ 8,860,161	$ 10,084,594
School District's Covered Payroll	$ 4,777,286	$ 5,036,721	$ 4,435,143	$ 4,747,479
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	205.85%	183.24%	199.77%	212.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.31%	75.30%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

2017	2016	2015	2014
0.05161670%	0.05077260%	0.04688900%	0.04688900%
$ 3,777,866	$ 2,897,134	$ 2,373,026	$ 2,788,338
$ 1,259,736	$ 1,528,520	$ 1,362,496	$ 1,385,043
299.89%	189.54%	174.17%	201.32%
62.98%	69.16%	71.70%	65.52%
0.04167015%	0.04161284%	0.04173582%	0.04173582%
$ 13,948,255	$ 11,500,572	$ 10,151,596	$ 12,092,515
$ 4,492,314	$ 4,431,943	$ 4,264,254	$ 3,951,738
310.49%	259.49%	238.06%	306.00%
66.80%	72.10%	74.70%	69.30%

See accompanying notes to the required supplementary information.

Van Buren Local School District
Hancock County, Ohio
Required Supplementary Information
Schedule of the School District's Contributions - Pension
Last Ten Fiscal Years

	2021	2020	2019	2018
School Employees Retirement System (SERS)				
Contractually Required Contribution	$ 245,023	$ 224,126	$ 274,848	$ 228,145
Contributions in Relation to the Contractually Required Contribution	(245,023)	(224,126)	(274,848)	(228,145)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School District's Covered Payroll	$ 1,750,164	$ 1,600,900	$ 2,035,911	$ 1,689,963
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 713,037	$ 668,820	$ 705,141	$ 620,920
Contributions in Relation to the Contractually Required Contribution	(713,037)	(668,820)	(705,141)	(620,920)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School District's Covered Payroll	$ 5,093,121	$ 4,777,286	$ 5,036,721	$ 4,435,143
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

2017		2016		2015		2014		2013		2012	
$	235,470	$	176,363	$	201,459	$	188,842	$	191,690	$	148,104
	(235,470)		(176,363)		(201,459)		(188,842)		(191,690)		(148,104)
$	-	$	-	$	-	$	-	$	-	$	-
$	1,681,929	$	1,259,736	$	1,528,520	$	1,362,496	$	1,385,043	$	1,101,145
	14.00%		14.00%		13.18%		13.86%		13.84%		13.45%
$	664,647	$	628,924	$	620,472	$	554,353	$	513,726	$	522,201
	(664,647)		(628,924)		(620,472)		(554,353)		(513,726)		(522,201)
$	-	$	-	$	-	$	-	$	-	$	-
$	4,747,479	$	4,492,314	$	4,431,943	$	4,264,254	$	3,951,738	$	4,016,931
	14.00%		14.00%		14.00%		13.00%		13.00%		13.00%

See accompanying notes to the required supplementary information.

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Van Buren Local School District
Hancock County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Last Five Fiscal Years (1)

	2021	2020	2019	2018	2017
School Employees Retirement System (SERS)					
School District's Proportion of the Net OPEB Liability	0.05468100%	0.05568690%	0.05305600%	0.05327340%	0.05235265%
School District's Proportionate Share of the Net OPEB Liability	$ 1,188,401	$ 1,400,408	$ 1,471,917	$ 1,429,718	$ 1,492,244
School District's Covered Payroll	$ 1,600,900	$ 2,035,911	$ 1,689,963	$ 1,681,929	$ 1,259,736
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	74.23%	68.79%	87.10%	85.00%	118.46%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%
State Teachers Retirement System (STRS)					
School District's Proportion of the Net OPEB Liability/(Asset)	0.04064300%	0.04173412%	0.04029589%	0.04245213%	0.04167015%
School District's Proportionate Share of the Net OPEB Liability/(Asset)	$ (714,300)	$ (691,217)	$ (647,514)	$ 1,656,325	$ 2,228,530
School District's Covered Payroll	$ 4,777,286	$ 5,036,721	$ 4,435,143	$ 4,747,479	$ 4,492,314
School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-14.95%	13.72%	14.60%	34.89%	49.61%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.10%	174.70%	176.00%	47.10%	37.33%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

Van Buren Local School District
Hancock County, Ohio
Required Supplementary Information
Schedule of the School District's Contributions - OPEB
Last Ten Fiscal Years

	2021	2020	2019	2018
School Employees Retirement System (SERS)				
Contractually Required Contribution (1)	$ 33,521	$ 36,081	$ 44,761	$ 36,759
Contributions in Relation to the Contractually Required Contribution	(33,521)	(36,081)	(44,761)	(36,759)
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School District's Covered Payroll	$ 1,750,164	$ 1,600,900	$ 2,035,911	$ 1,689,963
OPEB Contributions as a Percentage of Covered Payroll (1)	1.92%	2.25%	2.20%	2.18%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 0	$ 0	$ 0	$ 0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$ 0	$ 0	$ 0	$ 0
School District's Covered Payroll	$ 5,093,121	$ 4,777,286	$ 5,036,721	$ 4,435,143
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information.

2017	2016	2015	2014	2013	2012
$ 28,917	$ 26,684	$ 36,695	$ 23,720	$ 2,216	$ 6,056
(28,917)	(26,684)	(36,695)	(23,720)	(2,216)	(6,056)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 1,681,929	$ 1,259,736	$ 1,528,520	$ 1,362,496	$ 1,385,043	$ 1,101,145
1.72%	2.12%	2.40%	1.74%	0.16%	0.55%
$ 0	$ 0	$ 0	$ 43,876	$ 41,671	$ 41,376
0	0	0	(43,876)	(41,671)	(41,376)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 4,747,479	$ 4,492,314	$ 4,431,943	$ 4,264,254	$ 3,951,738	$ 4,016,931
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information.

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions - SERS

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

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

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

Changes in Assumptions – STRS

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

Changes in Benefit Terms - SERS

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

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

Changes in Benefit Terms - STRS

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

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

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

Fiscal year 2021	2.45 percent
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 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare

Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare

Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

Changes in Assumptions – STRS

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

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

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

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Benefit Terms – STRS

For fiscal year 2021, there were no changes to the claims costs process. Claim curves were updated to reflect the projected fiscal year 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to .1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

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

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*

Van Buren Local School District
Hancock County
217 South Main Street
Van Buren, Ohio 45889

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Van Buren Local School District, Hancock County, Ohio (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 14, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber
Keith Faber
Auditor of State
Columbus, Ohio

April 14, 2022

OHIO AUDITOR OF STATE
KEITH FABER

VAN BUREN LOCAL SCHOOL DISTRICT

HANCOCK 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 5/5/2022

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