OHIO AUDITOR OF STATE
KEITH FABER

MATHEWS LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY
JUNE 30, 2021

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MATHEWS LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY
JUNE 30, 2021

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Mathews Local School District
Trumbull County
4096 Cadwallader Sonk Rd.
Cortland, Ohio 44410

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mathews Local School District, Trumbull 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, each 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 22 to the financial statements, the District had an asset appraisal performed and it was determined that net capital assets were understated at June 30, 2020. Additionally, 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 these matters.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 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

March 3, 2022

As management of the Mathews Local School District (the School District), we offer readers of the School District's financial statements this narrative and analysis of the financial activities of the School District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

- Net position increased in fiscal year 2021 due mainly to an increase in cash and cash equivalents resulting from careful monitoring of expenses by School District management. The increase in net position was partially offset by changes in the net pension liability and the deferred outflows and deferred inflows of resources associated with this liability.

- Total program expenses increased in fiscal year 2021 due mainly to an increase in instruction costs related to virtual learning services.

- During fiscal year 2021, the School District had an asset appraisal performed which resulted in a restatement to beginning capital asset balances.

- The School District's enrollment on a District-wide basis decreased slightly from 695 students in fiscal year 2020 to 679 students in fiscal year 2021.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1 provides a comparison of the School District's net position for 2021 compared to 2020.

Table 1
Net Position
Governmental Activities

	2021	Restated 2020	Change
Assets			
Current and Other Assets	$13,169,432	$12,264,617	$904,815
Noncurrent Assets:			
Net OPEB Asset	519,319	505,199	14,120
Capital Assets, Net	2,442,692	2,620,736	(178,044)
Total Assets	16,131,443	15,390,552	740,891
Deferred Outflows of Resources			
Pension	1,628,708	1,613,796	14,912
OPEB	266,037	164,131	101,906
Total Deferred Outflows of Resources	1,894,745	1,777,927	116,818
Liabilities			
Current Liabilities	918,397	960,328	41,931
Long-Term Liabilities			
Due Within One Year	131,256	56,314	(74,942)
Due in More Than One Year			
Net Pension Liability	9,168,670	8,504,543	(664,127)
Net OPEB Liability	685,064	751,858	66,794
Other Amounts	331,107	369,868	38,761
Total Liabilities	11,234,494	10,642,911	(591,583)
Deferred Inflows of Resources			
Property Taxes	4,847,409	5,082,476	235,067
Pension	281,356	593,856	312,500
OPEB	987,184	850,836	(136,348)
Total Deferred Inflows of Resources	6,115,949	6,527,168	411,219
Net Position			
Net Investment in Capital Assets	2,438,149	2,611,396	(173,247)
Restricted for:			
Capital Projects	1,941,083	1,754,275	186,808
Other Purposes	231,191	153,832	77,359
Unrestricted (Deficit)	(3,934,678)	(4,521,103)	586,425
Total Net Position	$675,745	($1,600)	$677,345

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2021. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the School District, total assets and deferred outflows of resources were more than total liabilities and deferred inflows of resources by $675,745 in fiscal year 2021. Total assets and deferred outflows of resources were less than total liabilities and deferred inflows of resources by $1,600 in fiscal year 2020.

A large portion of the School District's net position reflects "Net Investment in Capital Assets" (i.e. land, construction in progress, buildings, improvements, furniture, fixtures, equipment and vehicles) less any related debt to acquire those assets that are still outstanding. The School District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The School District continues to provide the services that the School District residents expect while maintaining the costs of providing those services. The increase in net position was mainly due to an increase in cash and cash equivalents. Cash and cash equivalents increased from fiscal year 2020 due to the School District having revenues continuing to outpace expenses for several years now as management works to ensure a positive cash flow while maintaining the programs and activities that the community desires. The increase in net position was partially offset by changes in the net pension liability and the corresponding deferred outflows and inflows associated with this liability.

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 fiscal years 2021 and 2020.

Table 2
Governmental Activities

	2021	Restated 2020	Change
Program Revenues			
Charges for Services and Sales	$871,964	$937,996	($66,032)
Operating Grants and Contributions	1,166,253	841,190	325,063
Total Program Revenues	2,038,217	1,779,186	259,031
General Revenues			
Property Taxes	5,402,411	5,330,469	71,942
Grants and Entitlements	3,039,233	2,986,078	53,155
Unrestricted Contributions	1,920	0	1,920
Investment Earnings	14,554	79,913	(65,359)
Miscellaneous	167,715	57,373	110,342
Total General Revenues	8,625,833	8,453,833	172,000
Total Revenues	10,664,050	10,233,019	431,031
Program Expenses			
Instruction:			
Regular	4,829,767	4,617,146	(212,621)
Special	807,797	828,607	20,810
Vocational	8,705	8,859	154
Student Intervention Services	168,019	159,898	(8,121)
Support Services			
Pupil	691,782	599,576	(92,206)
Instructional Staff	185,196	310,493	125,297
Board of Education	75,260	63,740	(11,520)
Administration	882,492	862,403	(20,089)
Fiscal	384,327	370,431	(13,896)
Operation and Maintenance of Plant	954,238	1,003,892	49,654
Pupil Transportation	397,955	387,558	(10,397)
Central	13,290	114	(13,176)
Operation of Non-Instructional Services	0	2,988	2,988
Operation of Food Services	255,345	230,338	(25,007)
Extracurricular Activities	332,088	309,030	(23,058)
Interest and Fiscal Charges	444	356	(88)
Total Program Expenses	9,986,705	9,755,429	(231,276)
Change in Net Position	677,345	477,590	199,755
Net Position Beginning of Year - Restated	(1,600)	(479,190)	477,590
Net Position End of Year	$675,745	($1,600)	$677,345

Governmental Activities

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. It increases as a result of new construction or collection from a new voted levy. Although school districts experience inflationary growth in expenses, tax revenue does not keep pace with the increased expenses due to House Bill 920. As an example, a homeowner with a home valued at $100,000 and taxed at 1.0 mill would pay $35.00 annually in taxes. If three years later the home were reappraised and increased to $200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay $35.00 and the School District would collect the same dollar value the levy generated in the year it passed. The 10 percent rollback on all residential/agricultural property and the 2.5 percent rollback on all owner occupied homes would reduce the amount of taxes paid. Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service.

Revenue is divided into two major components: program revenues and general revenues. Program revenues are defined as fees, restricted grants and charges for services that are program specific. General revenues include taxes and unrestricted grants such as State Foundation support.

Program revenues increased for governmental activities in fiscal year 2021 due to higher operating grants. The increase in operating grants was due mainly to the new ESSER and Coronavirus Relief funding. General revenues increased in fiscal year 2021 resulting from increases in property taxes, grants and entitlements and miscellaneous revenue. Property tax revenues increased due to higher collections and less delinquencies. The increase in grants and entitlements for fiscal year 2021 was due to an increase in State Foundation funding. Miscellaneous revenue increased due to larger refunds from the Bureau of Workers' Compensation related to COVID.

Instruction composes the most significant portion of governmental program expenses. The increase in program expenses was mainly to due to higher costs related to regular instruction, specifically for purchased services relating to virtual learning.

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows 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)
Total and Net Cost of Program Services
Governmental Activities

	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Instruction	$5,814,288	$4,289,432	$5,614,510	$4,285,455
Support Services:				
Pupil and Instructional Staff	876,978	604,232	910,069	726,078
Board of Education and Administration	957,752	955,498	926,143	905,548
Fiscal	384,327	384,327	370,431	370,431
Operation and Maintenance of Plant	954,238	940,002	1,003,892	1,003,892
Pupil Transportation	397,955	397,955	387,558	387,558
Central	13,290	2,500	114	114
Operation of Non-Instructional Services	0	0	2,988	0
Operation of Food Services	255,345	58,825	230,338	52,179
Extracurricular Activities	332,088	315,273	309,030	244,632
Interest and Fiscal Charges	444	444	356	356
Total Expenses	$9,986,705	$7,948,488	$9,755,429	$7,976,243

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

Financial Analysis of the Government's Funds

Governmental Funds Information about the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. The general fund and the permanent improvement fund both had increases in fund balance. The general and permanent improvement funds both had revenues that exceeded expenditures again for fiscal year 2021 which was the reason for the increase. The administration actively works to ensure positive fund balances while providing the programs desired by the students of the School District.

General Fund Budgeting Highlights

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

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

For the general fund, the final budget basis revenue estimate was higher than the original budget estimate. The change was attributed mainly to changes in estimates for property taxes and intergovernmental revenue, as funding levels became more apparent.

The final budget appropriations were lower than the original budget appropriations of the general fund. This change was attributed mainly to adjustments to instruction as well as pupil and instructional staff support service expenditures, as a more accurate picture of the fiscal year was realized.

Capital Assets

Capital assets decreased during fiscal year 2021 due to annual depreciation. The School District did not have any current year additions to capital assets during fiscal year 2021. The School District has an ongoing commitment to maintaining and improving its capital assets. More detailed information is presented in Note 10 of the notes to the basic financial statements.

Debt Administration

Debt outstanding as of June 30, 2021 included capital leases for copiers. The School District's overall legal debt margin was $15,968,444 with an unvoted debt margin of $177,427. For more information about the School District's debt obligations, see Notes 15 and 17 to the basic financial statements.

School District Outlook

The School District is committed to educational progress as well as financial responsibility. However, the financial future of the School District is not without challenges. The School District faces uncertainty regarding State funding, potential expenditure increases in healthcare, aging facilities with areas that will need addressed as well as continual maintenance/replacement of the bus fleet to prevent returning to an aged status. The School District is committed to maintaining focus on education while providing value and accountability for tax dollars spent.

In November 2012, the voters of the School District passed a 4.65 mill Emergency Levy. The levy generates $680,000 per year for a five year period. In November 2013, voters renewed a Permanent Improvement Levy for 2.0 mills that generates approximately $179,904 per year for a five year period and a 9.25 mill renewal Operating Levy also for five years that generates approximately $1,365,015 per year. A bond issue/continual permanent improvement levy was placed on the ballot in May 2014 to construct a new K-12 facility but was defeated. In November 2014, voters renewed an operating levy for 7.8 mills that will generate approximately $1,153,525 per year for a five year period. In March 2016, voters renewed a 4.55 mill Emergency Levy. The levy generates $680,000 per year for a five year period commencing in 2017.

The School District remains dedicated to fiscal responsibility. The Board of Education and administration continue to carefully plan in order to provide the resources and education required to meet student needs over the next several years.

Contacting the School District's Financial Management Personnel

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Bradley Panak, Treasurer, Mathews Local School District, 4096 Cadwallader Sonk Rd., Cortland, Ohio 44410.

Basic Financial Statements

Mathews Local School District

Statement of Net Position

June 30, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$7,488,720
Intergovernmental Receivable	256,986
Prepaid Items	11,217
Inventory Held for Resale	5,212
Materials and Supplies Inventory	11,630
Property Taxes Receivable	5,395,667
Net OPEB Asset	519,319
Nondepreciable Capital Assets	356,906
Depreciable Capital Assets, Net	2,085,786
Total Assets	16,131,443
Deferred Outflows of Resources	
Pension	1,628,708
OPEB	266,037
Total Deferred Outflows of Resources	1,894,745
Liabilities	
Accounts Payable	15,944
Accrued Wages and Benefits	695,430
Intergovernmental Payable	176,999
Vacation Benefits Payable	26,652
Unearned Revenue	3,372
Long-Term Liabilities:	
Due Within One Year	131,256
Due In More Than One Year	
Net Pension Liability (See Note 12)	9,168,670
Net OPEB Liability (See Note 13)	685,064
Other Amounts	331,107
Total Liabilities	11,234,494
Deferred Inflows of Resources	
Property Taxes	4,847,409
Pension	281,356
OPEB	987,184
Total Deferred Inflows of Resources	6,115,949
Net Position	
Net Investment in Capital Assets	2,438,149
Restricted for:	
Capital Projects	1,941,083
Unclaimed Monies	495
Other Purposes	230,696
Unrestricted (Deficit)	(3,934,678)
Total Net Position	$675,745

See accompanying notes to the basic financial statements

Mathews Local School District
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 and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	$4,829,767	$730,541	$199,779	($3,899,447)
Special	807,797	105,708	315,877	(386,212)
Vocational	8,705	1,369	2,941	(4,395)
Student Intervention Services	168,019	501	168,140	622
Support Services:				
Pupil	691,782	0	267,346	(424,436)
Instructional Staff	185,196	0	5,400	(179,796)
Board of Education	75,260	0	0	(75,260)
Administration	882,492	0	2,254	(880,238)
Fiscal	384,327	0	0	(384,327)
Operation and Maintenance of Plant	954,238	0	14,236	(940,002)
Pupil Transportation	397,955	0	0	(397,955)
Central	13,290	0	10,790	(2,500)
Operation of Food Services	255,345	17,030	179,490	(58,825)
Extracurricular Activities	332,088	16,815	0	(315,273)
Interest and Fiscal Charges	444	0	0	(444)
Totals	$9,986,705	$871,964	$1,166,253	(7,948,488)

General Revenues	
Property Taxes Levied for:	
General Purposes	5,236,684
Capital Projects	165,727
Grants and Entitlements not Restricted to Specific Programs	3,039,233
Unrestricted Contributions	1,920
Investment Earnings	14,554
Miscellaneous	167,715
Total General Revenues	8,625,833
Change in Net Position	677,345
Net Position Beginning of Year - (Restated - See Note 22)	(1,600)
Net Position End of Year	$675,745

See accompanying notes to the basic financial statements

Mathews Local School District

Balance Sheet

Governmental Funds

June 30, 2021

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	$5,338,535	$1,650,338	$499,352	$7,488,225
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	495	0	0	495
Intergovernmental Receivable	179,620	0	77,366	256,986
Interfund Receivable	112,474	0	0	112,474
Prepaid Items	10,422	0	795	11,217
Inventory Held for Resale	0	0	5,212	5,212
Materials and Supplies Inventory	10,117	0	1,513	11,630
Property Taxes Receivable	5,228,385	167,282	0	5,395,667
Total Assets	$10,880,048	$1,817,620	$584,238	$13,281,906
Liabilities				
Accounts Payable	$10,757	$0	$5,187	$15,944
Accrued Wages and Benefits	639,893	0	55,537	695,430
Interfund Payable	0	0	112,474	112,474
Intergovernmental Payable	167,402	0	9,597	176,999
Unearned Revenue	0	0	3,372	3,372
Total Liabilities	818,052	0	186,167	1,004,219
Deferred Inflows of Resources				
Property Taxes	4,696,953	150,456	0	4,847,409
Unavailable Revenue	684,528	16,654	32,194	733,376
Total Deferred Inflows of Resources	5,381,481	167,110	32,194	5,580,785
Fund Balances				
Nonspendable	21,034	0	2,308	23,342
Restricted	0	1,650,510	471,893	2,122,403
Committed	7,667	0	0	7,667
Assigned	62,241	0	0	62,241
Unassigned (Deficit)	4,589,573	0	(108,324)	4,481,249
Total Fund Balances	4,680,515	1,650,510	365,877	6,696,902
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$10,880,048	$1,817,620	$584,238	$13,281,906

See accompanying notes to the basic financial statements

Mathews Local School District

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2021

Total Governmental Fund Balances		$6,696,902
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.		2,442,692
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	542,660	
Intergovernmental	32,194	
Tuition and Fees	158,522	
Total		733,376
Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore is not reported in the funds.		(26,652)
The net pension liability and net OPEB asset/liability are not due and payable in the current period; therefore, the asset/liability and related deferred inflows/outflows are not reported in governmental funds:		
Net OPEB Asset	519,319	
Deferred Outflows - Pension	1,628,708	
Deferred Outflows - OPEB	266,037	
Net Pension Liability	(9,168,670)	
Net OPEB Liability	(685,064)	
Deferred Inflows - Pension	(281,356)	
Deferred Inflows - OPEB	(987,184)	
Total		(8,708,210)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Leases	(4,543)	
Compensated Absences	(457,820)	
Total		(462,363)
Net Position of Governmental Activities		$675,745

See accompanying notes to the basic financial statements

Mathews Local School District

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	$5,301,956	$167,688	$0	$5,469,644
Intergovernmental	3,195,412	20,264	980,072	4,195,748
Interest	6,237	8,256	61	14,554
Tuition and Fees	805,995	0	0	805,995
Extracurricular Activities	3,784	0	16,815	20,599
Contributions and Donations	1,920	0	0	1,920
Charges for Services	0	0	17,030	17,030
Miscellaneous	162,971	0	4,744	167,715
Total Revenues	9,478,275	196,208	1,018,722	10,693,205
Expenditures				
Current:				
Instruction:				
Regular	4,438,276	0	199,097	4,637,373
Special	647,042	0	145,555	792,597
Vocational	8,350	0	0	8,350
Student Intervention Services	3,056	0	171,276	174,332
Support Services:				
Pupil	444,360	0	210,900	655,260
Instructional Staff	159,785	0	5,400	165,185
Board of Education	73,089	0	0	73,089
Administration	835,962	0	2,211	838,173
Fiscal	368,854	3,086	0	371,940
Operation and Maintenance of Plant	846,872	200	7,614	854,686
Pupil Transportation	343,240	0	0	343,240
Central	2,500	0	10,790	13,290
Operation of Food Services	0	0	235,676	235,676
Extracurricular Activities	0	0	308,912	308,912
Debt Service:				
Principal Retirement	4,797	0	0	4,797
Interest and Fiscal Charges	444	0	0	444
Total Expenditures	8,176,627	3,286	1,297,431	9,477,344
Excess of Revenues Over (Under) Expenditures	1,301,648	192,922	(278,709)	1,215,861
Other Financing Sources (Uses)				
Transfers In	0	0	294,000	294,000
Transfers Out	(294,000)	0	0	(294,000)
Total Other Financing Sources (Uses)	(294,000)	0	294,000	0
Net Change in Fund Balances	1,007,648	192,922	15,291	1,215,861
Fund Balances Beginning of Year	3,672,867	1,457,588	350,586	5,481,041
Fund Balances End of Year	$4,680,515	$1,650,510	$365,877	$6,696,902

See accompanying notes to the basic financial statements

Mathews Local School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds		$1,215,861
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period:		
Capital Asset Additions	0	
Current Year Depreciation	(178,044)	
Total		(178,044)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	(67,233)	
Intergovernmental	9,738	
Tuition and Fees	28,340	
Total		(29,155)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		4,797
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	670,033	
OPEB	21,118	
Total		691,151
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities:		
Pension	(1,006,748)	
OPEB	25,354	
Total		(981,394)
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	(40,978)	
Vacation Benefits Payable	(4,893)	
Total		(45,871)
Change in Net Position of Governmental Activities		$677,345

See accompanying notes to the basic financial statements

Mathews Local School District

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property Taxes	$4,955,000	$5,331,144	$5,331,144	$0
Intergovernmental	2,794,939	3,179,632	3,179,632	0
Interest	39,794	5,800	6,237	437
Tuition and Fees	707,055	805,995	805,995	0
Miscellaneous	70,100	153,478	156,597	3,119
Total Revenues	8,566,888	9,476,049	9,479,605	3,556
Expenditures				
Current:				
Instruction:				
Regular	4,574,112	4,411,447	4,390,802	20,645
Special	716,835	666,073	665,393	680
Vocational	8,873	8,334	8,334	0
Student Intervention Services	3,913	3,056	3,056	0
Support Services:				
Pupil	526,241	436,653	431,756	4,897
Instructional Staff	289,252	185,201	173,568	11,633
Board of Education	65,891	73,505	69,773	3,732
Administration	846,108	833,182	828,220	4,962
Fiscal	365,004	373,794	368,553	5,241
Operation and Maintenance of Plant	903,436	914,125	880,694	33,431
Pupil Transportation	348,317	345,068	331,513	13,555
Central	2,500	2,500	2,500	0
Debt Service:				
Principal Retirement	4,797	4,797	4,797	0
Interest and Fiscal Charges	444	444	444	0
Total Expenditures	8,655,723	8,258,179	8,159,403	98,776
Excess of Revenues Over (Under) Expenditures	(88,835)	1,217,870	1,320,202	102,332
Other Financing Sources (Uses)				
Advances In	61,000	3,070	3,070	0
Advances Out	(77,033)	(62,474)	(62,474)	0
Transfers Out	(288,080)	(385,000)	(385,000)	0
Total Other Financing Sources (Uses)	(304,113)	(444,404)	(444,404)	0
Net Change in Fund Balance	(392,948)	773,466	875,798	102,332
Fund Balance Beginning of Year	4,349,854	4,349,854	4,349,854	0
Prior Year Encumbrances Appropriated	26,885	26,885	26,885	0
Fund Balance End of Year	$3,983,791	$5,150,205	$5,252,537	$102,332

See accompanying notes to the basic financial statements

Note 1 - Description of the School District

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. The Board of Education controls the School District's four instructional/support facilities staffed by 66 certified employees and 36 classified employees who provide services to 679 students and other community members.

Reporting Entity

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

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

The School District is associated with two jointly governed organizations and two shared risk pools. These organizations are the Northeast Ohio Management Information Network, the Trumbull Career and Technical Center, the Trumbull County School Employees Insurance Benefit Consortium and the Schools of Ohio Risk Sharing Authority. These organizations are presented in Notes 18 and 19 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business–type. The School District, however, has no business-type activities.

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

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

Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The School District has no proprietary or fiduciary funds.

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

> ***General Fund*** The general fund is the operating fund of the School District and is used to account and report for all financial resources except those required to be accounted for and reported in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> ***Permanent Improvement Fund*** The permanent improvement fund is used to account and report for restricted property taxes for the acquisition or construction of major capital facilities.

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

Measurement Focus

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

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

Basis of Accounting

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

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

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources 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 plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans 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 includes delinquent property taxes, intergovernmental monies and tuition and fees. 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 fund on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13)

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

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

Budgetary Data

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

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

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

Cash and Cash Equivalents

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

During fiscal year 2021, investments were limited to STAR Ohio and money market mutual funds. Except STAR Ohio, investments are reported at fair value.

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

For the fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of $100 million or more. STAR Ohio reserves the right to limit the transactions to $250 million per day, requiring the excess amount to be transacted the following business 25day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to $6,237, none of which was assigned from other School District funds.

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

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 by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed.

Inventory

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

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the general fund represent unclaimed monies.

Capital Assets

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

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

All reported 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	Estimated Lives
Land Improvements	15 - 30 years
Buildings and Improvements	10 - 50 years
Furniture, Fixtures and Equipment	5 - 20 years
Vehicles	8 years

Interfund Balances

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Since the School District's policy limits the accrual of vacation time to one year from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

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

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

Pensions/Other Postemployment Benefits (OPEB)

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

Accrued Liabilities and Long-term Obligations

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

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

Internal Activity

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

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State statute. State statute authorizes the Treasurer to assign fund balance purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balance for school supplies and workbooks and for extracurricular activities.

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

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

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The School District recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements are met.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws, or regulations of other governments adopted by the School District. Net position restricted for other purposes include resources restricted for instruction, support services, operation of non-instructional services, food service operations and extracurricular activities.

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

Estimates

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

Note 3 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Permanent Improvement	Other Governmental Funds	Total
Nonspendable				
Materials and Supplies Inventory	$10,117	0	$1,513	$11,630
Prepaid	10,422	0	795	11,217
Unclaimed Monies	495	0	0	495
Total Nonspendable	21,034	0	2,308	23,342
Restricted for				
Scholarships	0	0	2,722	2,722
Student Activities and Wellness	0	0	180,550	180,550
Athletics	0	0	11,701	11,701
Instructional Services	0	0	3,001	3,001
Capital Improvements	0	1,650,510	273,919	1,924,429
Total Restricted	0	1,650,510	471,893	2,122,403
Committed to				
Termination Benefits	735	0	0	735
ESC Services	1,932	0	0	1,932
Disability Services	5,000	0	0	5,000
Total Committed	7,667	0	0	7,667
Assigned to				
Purchases on Order				
Support Services	36,612	0	0	36,612
School Supplies and Workbooks	371	0	0	371
Extracurricular Activities	25,258	0	0	25,258
Total Assigned	62,241	0	0	62,241
Unassigned (Deficit)	4,589,573	0	(108,324)	4,481,249
Total Fund Balances	$4,680,515	$1,650,510	$365,877	$6,696,902

Note 4 – Accountability

As of June 30, 2021, the food service and title VI-B special revenue funds had deficit fund balances of $101,519 and $5,025, respectively. These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the general fund needed for operations until the receipt of grant monies. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

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

2. Expenditures 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. Advances In and Out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

5. Budgetary revenues and expenditures of the uniform school supply, public school support and termination benefits special revenue funds are classified to the general fund for GAAP reporting.

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance

GAAP Basis	$1,007,648
Revenue Accruals	98,224
Advance In	3,070
Expenditure Accruals	(45,835)
Advance Out	(62,474)
Prospective Difference:	
Uniform School Supply	(298)
Public School Support	5,409
Termination Benefits	(69,937)
Encumbrances	(60,009)
Budget Basis	$875,798

Note 6 - Deposits and Investments

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

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

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

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

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

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

7. The State Treasurer's investment pool (STAR Ohio); and,

8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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

Investments

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

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value Per Share				
STAR Ohio	$1,595,817	Average 54.5 days	AAAm	N/A
Fair Value - Level One Inputs				
Money Market Mutual Funds	1,106,605	Less than one year	AAAm	40.95 %
Total Portfolio	$2,702,422			

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 chart identifies the School District's recurring fair value measurements as of June 30, 2021. The Money Market Mutual Fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

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

Concentration of Credit Risk. The School District places no limit on the amount it may invest in any one issuer.

Note 7 - Property Taxes

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

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

Public utility property tax revenues received in calendar year 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien on 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 thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 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 – property taxes.

The amount available as an advance at June 30, 2021, was $5,426 in the general fund and $172 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2020, was $34,614 in the general fund and $1,090 in the permanent improvement capital projects fund.

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

The 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	$152,447,340	95.29%	$169,281,920	95.41%
Public Utility Personal	7,532,120	4.71	8,145,230	4.59
Total	$159,979,460	100.00%	$177,427,150	100.00%
Full Tax Rate per $1,000 of assessed valuation	$55.85		$55.50	

Note 8 - Receivables

Receivables at June 30, 2021, consisted of taxes and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
State Foundation Adjustments	$158,522
Food Service Subsidies	26,657
Miscellaneous Federal Grant	19,403
Title VI-B Grant	18,515
Title I Grant	12,621
Trumbull County ESC Reimbursement	12,171
Labrae Local Schools Reimbursement	6,184
Medicaid Reimbursements	2,743
Reducing Class Size Grant	170
Total	$256,986

Note 9 - Contingencies

Grants

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

School Foundation

In fiscal year 2021, School District foundation funding was 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. The ODE has finalized the impact of enrollment adjustments to the June 30, 2021 foundation funding for the School District.

Litigation

The School District is a party to various legal proceedings seeking damages. The School District's administration is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

Note 10 – Capital Assets

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

Governmental Activities	Restated Balance 6/30/2020	Additions	Deductions	Balance 6/30/2021
Capital Assets not being Depreciated:				
Land	$356,906	$0	$0	$356,906
Capital Assets being Depreciated:				
Land Improvements	811,050	0	0	811,050
Buildings and Improvements	4,446,629	0	0	4,446,629
Furniture, Fixtures and Equipment	1,212,191	0	0	1,212,191
Vehicles	750,568	0	0	750,568
Total Capital Assets being Depreciated	7,220,438	0	0	7,220,438
Less Accumulated Depreciation:				
Land Improvements	(480,319)	(30,282)	0	(510,601)
Buildings and Improvements	(3,036,143)	(74,781)	0	(3,110,924)
Furniture, Fixtures and Equipment	(938,841)	(31,564)	0	(970,405)
Vehicles	(501,305)	(41,417)	0	(542,722)
Total Accumulated Depreciation	(4,956,608)	(178,044) *	0	(5,134,652)
Total Assets being Depreciated, Net	2,263,830	(178,044)	0	2,085,786
Governmental Activities Capital Assets, Net	$2,620,736	($178,044)	$0	$2,442,692

* Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	$9,840
Special	776
Support Services:	
Pupil	1,460
Instructional Staff	13,827
Board of Education	2,171
Administration	733
Operation and Maintenance of Plant	71,280
Pupil Transportation	45,801
Operation of Food Services	8,980
Extracurricular Activities	23,176
Total Depreciation Expense	$178,044

Note 11 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2021, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) for property and liability insurance.

Type of Coverage	Coverage Amount
Building and Contents ($1,000 deductible)	$26,819,264
Equipment Breakdown, in any one accident ($1,000 deductible)	26,819,264
Employee Dishonesty ($1,000 deductible)	1,000,000
Computer Crime ($1,000 deductible)	1,000,000
Automobile Liability	15,000,000
Uninsured/Under Insured Motorists	1,000,000
Automobile Physical Damage ($1,000 deductible)	Actual Cash Value
Auto Medical Payments	
Per Person	10,000
Per Accident	25,000
General Liability	
Per Occurrence (no deductible)	15,000,000
Total per Year	17,000,000
Educational Legal Liability	
Per Occurrence ($4,000 deductible)	15,000,000
Total per Year	15,000,000

Employee Health Benefits

The School District has contracted with the Trumbull County School Employees Insurance Benefit Consortium to provide employee medical, surgical and prescription drug and vision benefits. The Trumbull County School Employees Insurance Benefit Consortium is a shared risk pool comprised of sixteen Trumbull County school districts. Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts.

Claims are paid for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. Employees can choose between two different medical, surgical and prescription plans. The School District pays medical, surgical and prescription drug premiums of $1,714 for family coverage and $612 for single coverage per employee per month for the first option. The School District pays medical, surgical and prescription drug premiums of $1,539 for family coverage and $550 for single coverage per employee per month for the second option. If the School District were to withdraw from the consortium, there would be no liability because premium levels fund a reserve for subsequent claim payments. The School District provides dental coverage through Delta Dental which is not paid through the Trumbull County School Employees Insurance Benefits Consortium.

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in coverage from last year.

Workers' Compensation

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

Note 12 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

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. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was $161,898 for fiscal year 2021. Of this amount $14,608 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined

Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was $508,135 for fiscal year 2021. Of this amount $75,951 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.03052390%	0.02954879%	
Prior Measurement Date	0.02939980%	0.03050276%	
Change in Proportionate Share	0.00112410%	-0.00095397%	
Proportionate Share of the Net Pension Liability	$2,018,915	$7,149,755	$9,168,670
Pension Expense	$245,734	$761,014	$1,006,748

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	$3,922	$16,042	$19,964
Changes of assumptions	0	383,804	383,804
Net difference between projected and actual earnings on pension plan investments	128,160	347,693	475,853
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	41,482	37,572	79,054
School District contributions subsequent to the measurement date	161,898	508,135	670,033
Total Deferred Outflows of Resources	$335,462	$1,293,246	$1,628,708
Deferred Inflows of Resources			
Differences between expected and actual experience	$0	$45,718	$45,718
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	3,855	231,783	235,638
Total Deferred Inflows of Resources	$3,855	$277,501	$281,356

$670,033 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	$22,097	$199,935	$222,032
2023	54,067	39,818	93,885
2024	53,420	153,307	206,727
2025	40,125	114,550	154,675
Total	$169,709	$507,610	$677,319

Actuarial Assumptions - SERS

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

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

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

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

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

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	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 total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment 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 pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$2,765,667	$2,018,915	$1,392,376

Actuarial Assumptions – STRS

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

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

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

Actuarial assumptions used in the July 1 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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 %	

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, but 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 member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	$10,180,007	$7,149,755	$4,581,870

Note 13 - Defined Benefit OPEB Plans

See note 12 for a description of the net OPEB liability

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 Annual Comprehensive 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 fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was $21,118.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $21,118 for fiscal year 2021. Of this amount $21,118 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. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

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

The net OPEB liability (asset) was measured as of June 30, 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:			
Current Measurement Date	0.03152150%	0.02954879%	
Prior Measurement Date	0.02989740%	0.03050276%	
Change in Proportionate Share	0.00162410%	-0.00095397%	
Proportionate Share of the:			
Net OPEB Liability	$685,064	$0	$685,064
Net OPEB (Asset)	$0	($519,319)	($519,319)
OPEB Expense	$4,963	($30,317)	($25,354)

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	$8,997	$33,276	$42,273
Changes of assumptions	116,780	8,573	125,353
Net difference between projected and actual earnings on OPEB plan investments	7,719	18,200	25,919
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	36,015	15,359	51,374
School District contributions subsequent to the measurement date	21,118	0	21,118
Total Deferred Outflows of Resources	$190,629	$75,408	$266,037
Deferred Inflows of Resources			
Differences between expected and actual experience	$348,404	$103,441	$451,845
Changes of assumptions	17,256	493,266	510,522
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	6,067	18,750	24,817
Total Deferred Inflows of Resources	$371,727	$615,457	$987,184

$21,118 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 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	($41,796)	($133,543)	($175,339)
2023	(41,238)	(121,223)	(162,461)
2024	(41,329)	(116,905)	(158,234)
2025	(39,971)	(119,227)	(159,198)
2026	(28,738)	(23,833)	(52,571)
Thereafter	(9,144)	(25,318)	(34,462)
Total	($202,216)	($540,049)	($742,265)

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
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	2.63 percent
Prior Measurement Date	3.22 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 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 were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

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 at June 30, 2019, 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 System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	\$838,503	\$685,064	\$563,083

	1% Decrease (6.00 % decreasing to 3.75%)	Current Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.00 % decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$539,437	\$685,064	\$879,808

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:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.00 percent initial, 4 percent ultimate
Medicare	-6.69 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	6.50 percent initial, 4 percent ultimate
Medicare	11.87 initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 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 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

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 assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	($451,842)	($519,319)	($576,572)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	($573,018)	($519,319)	($453,907)

Note 14 - Other Employee Benefits

Compensated Absences

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

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Certificated employees with 30 or more years of service as of August 31, 2011 can accumulate an unlimited number of sick days. Certificated employees with less than 30 years of service as of August 31, 2011 can accumulate up to a maximum of 366 sick days. Classified employees can accumulate up to a maximum of 366 sick days. Classified employees having more than 366 accumulated sick days shall be capped at their current number of sick days as of August 31, 2011. Certificated and classified employees with ten years or more of service with the School District receive payment upon retirement for accumulated sick days. The payment for certified equals twenty-five percent of the total sick accumulation up to the maximum number of days specified multiplied by the employee's daily rate. The payment for classified is calculated based on the following formula: employee's final contracted salary x 0.00125 x the number of accumulated sick days.

Life Insurance Benefits

The School District provides life insurance to all employees through ReliaStar Life Insurance Company. Certificated employees receive term life insurance in the amount of $40,000. Classified employees who work 15 hours or more per week receive term life insurance in the amount of $50,000. Classified employees working less than 15 hours per week and hired prior to July 1, 2006 receive term life insurance in the amount of $35,000. Classified employees working less than 15 hours per week and hired after July 1, 2006 do not receive life insurance benefits. Premiums are paid by the School District.

Note 15 - Long-Term Obligations

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

	Principal Outstanding 6/30/20	Additions	Deductions	Principal Outstanding 6/30/21	Amounts Due in One Year
Other Long-term Obligations					
Net Pension Liability:					
STRS	$6,745,501	$404,254	$0	$7,149,755	$0
SERS	1,759,042	259,873	0	2,018,915	0
Total Net Pension Liability	8,504,543	664,127	0	9,168,670	0
Net OPEB Liability:					
SERS	751,858	0	(66,794)	685,064	0
Capital Lease Payable	9,340	0	(4,797)	4,543	938
Compensated Absences	416,842	92,495	(51,517)	457,820	130,318
Total Governmental Activities Long-Term Liabilities	$9,682,583	$756,622	($123,108)	$10,316,097	$131,256

Compensated absences will be paid from the general fund and the food service and title VI-B special revenue funds. There are no repayment schedules for the net pension liability and net OPEB liability. However, employer pension and OPEB contributions are made from following funds: the general fund and the food service, student wellness and success and title VI-B special revenue funds. For additional information related to the net pension and net OPEB liabilities see Notes 12 and 13.

The School District's overall debt margin was $15,968,444 with an unvoted debt margin of $177,427 at June 30, 2021.

Note 16 - Interfund Balances and Transfers

Interfund Balances

An interfund receivable/payable of $112,000, $208 and $266 between the general fund and the food service, ESSER and title VI-B special revenue funds, respectively, was recorded at June 30, 2021. The interfund receivable/payable is due to the timing of the receipt of grant monies and fees. The general fund provides money to operate the programs until grants and other monies are received and the advances can be repaid. This loan is expected to be repaid in one year.

Interfund Transfers

The general fund transferred $34,000 and $260,000 to the student activities and the athletics special revenue funds, respectively, to provide funding for programs.

Note 17 – Capital Leases

The School District entered into a capital lease for the purchase of copiers. The lease obligation meets the criteria of a capital lease and has been recorded on the government-wide statements. The original amounts capitalized for the capital lease and the book value as of June 30, 2021 follows:

	Amounts
Asset:	
Copiers	$41,080
Less: Accumulated Depreciation	(14,629)
Current Book Value	$26,451

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

Year ending June 30,	Capital Lease
2022	$1,260
2023	1,260
2024	1,260
2025	1,260
2026	315
Total Minimum Lease Payments	5,355
Less: Amount Representing Interest	(812)
Present Value of Minimum Lease Payments	$4,543

Note 18 - Jointly Governed Organizations

Northeast Ohio Management Information Network (NEOMIN) NEOMIN is a jointly governed organization among twenty-nine school districts and two educational service centers in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge. The School District paid $48,735 to NEOMIN during fiscal year 2021.

The Governing board consists of ten members: The Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County participating school districts, three superintendents from Trumbull County participating school districts, the fiscal agent (or NEOMIN). The School District was not represented on the Governing Board during fiscal year 2021. The Board exercises total control over the operations of NEOMIN including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Educational Service Center, 6000 Youngstown Warren Road, Niles, Ohio 44446.

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

Note 19 – Shared Risk Pools

Trumbull County School Employees Insurance Benefit Consortium The School District participates in the Trumbull County School Employees Insurance Consortium. This is a shared risk pool comprised of sixteen Trumbull County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium. Consortium revenues are generated from charges for services.

Schools of Ohio Risk Sharing Authority The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a shared risk pool among member school districts. SORSA was established in 2002 as an Ohio nonprofit, self-funded group insurance consortium that offers property, electronic data processing, boiler and machinery, crime, general liability, automobile liability and physical damage and school board errors and omissions insurance coverage. The Consortium is governed by a Board of Directors comprised of representatives from the participating school districts. The Board of Directors exercises control over the operation of the Consortium. Consortium revenues are generated from charges for services.

Note 20 – Encumbrances

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

General	$60,009
Other Governmental Funds	7,040
Total	$67,049

Note 21 - Set-Aside Calculations

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

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

	Capital Improvements
Set-Aside Balance as of June 30, 2020	$0
Current Year Set-aside Requirement	115,763
Current Year Offsets	(188,870)
Qualifying Disbursements	(17,169)
Total	($90,276)
Set-aside Balance Carried Forward to Future Fiscal Years	$0
Set-Aside Balance as of June 30, 2021	$0

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

Note 22 – Change in Accounting Principle and Restatement of Net Position

Change in Accounting Principles

For fiscal year 2021, the School District implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2019-1*. These changes were incorporated in the School District's 2021 financial statements; however, there was no effect on beginning net position/fund balance.

Restatement of Net Position

During fiscal year 2021, the School District had an asset appraisal performed and it was determined that net capital assets were understated at June 30, 2020. The restatement for net capital assets had the following effect on net position as reported at June 30, 2020:

Net Position June 30, 2020	($41,544)
Adjustments:	
Capital Assets, Net	39,944
Restated Net Position June 30, 2020	($1,600)

Note 23 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. As of June 2021, the State of Ohio emergency has ended but the federal emergency continues. During fiscal year 2021, the School District received Coronavirus Aid, Relief and Economic Security (CARES) Act funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the School District. The School District's investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. 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 – 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 $1,016,254 in revenue and expenditures/expense related to these programs. Also during fiscal year 2021, the school district reported $486,127 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.

Required Supplementary Information

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

	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.03052390%	0.02939980%	0.02974480%
School District's Proportionate Share of the Net Pension Liability	$2,018,915	$1,759,042	$1,703,539
School District's Covered Payroll	$1,079,993	$1,005,933	$980,548
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	186.94%	174.87%	173.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.02967470%	0.03003670%	0.03117900%	0.03250000%	0.03250000%
$1,772,999	$2,198,409	$1,779,104	$1,644,806	$1,932,671
$917,793	$947,321	$944,357	$944,374	$1,022,183
193.18%	232.07%	188.39%	174.17%	189.07%
69.50%	62.98%	69.16%	71.70%	65.52%

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

	2021	2020	2019
School District's Proportion of the Net OPEB Liability	0.03152150%	0.02989740%	0.02994180%
School District's Proportionate Share of the Net OPEB Liability	$685,064	$751,858	$830,666
School District's Covered Payroll	$1,079,993	$1,005,933	$980,548
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	63.43%	74.74%	84.71%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2018	2017
0.02982730%	0.03015050%
$800,486	$859,401
$917,793	$947,321
87.22%	90.72%
12.46%	11.49%

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

	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.02954879%	0.03050276%	0.03042497%
School District's Proportionate Share of the Net Pension Liability	$7,149,755	$6,745,501	$6,689,769
School District's Covered Payroll	$3,535,400	$3,603,636	$3,483,093
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	202.23%	187.19%	192.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.03115806%	0.03050419%	0.03236373%	0.03243547%	0.03243547%
$7,401,664	$10,210,672	$8,944,388	$7,889,429	$9,397,836
$3,421,021	$3,234,771	$3,357,157	$3,329,864	$3,577,985
216.36%	315.65%	266.43%	236.93%	262.66%
75.30%	66.80%	72.10%	74.70%	69.30%

Mathews Local School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability

State Teachers Retirement System of Ohio

Last Five Fiscal Years (1)

	2021	2020	2019
School District's Proportion of the Net OPEB (Asset) Liability	0.02954879%	0.03050276%	0.03042497%
School District's Proportionate Share of the Net OPEB (Asset) Liability	($519,319)	($505,199)	($488,898)
School District's Covered Payroll	$3,535,400	$3,603,636	$3,483,093
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered - Payroll	-14.69%	-14.02%	-14.04%
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset) Liability	182.10%	174.70%	176.00%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2018	2017
0.03115806%	0.03050419%
$1,215,672	$1,631,372
$3,421,021	$3,234,771
35.54%	50.43%
47.10%	37.30%

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

	2021	2020	2019	2018
Net Pension Liability				
Contractually Required Contribution	$161,898	$151,199	$135,801	$132,374
Contributions in Relation to the Contractually Required Contribution	(161,898)	(151,199)	(135,801)	(132,374)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$1,156,414	$1,079,993	$1,005,933	$980,548
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%
Net OPEB Liability				
Contractually Required Contribution (2)	$21,118	$19,526	$22,193	$20,038
Contributions in Relation to the Contractually Required Contribution	(21,118)	(19,526)	(22,193)	(20,038)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	1.83%	1.81%	2.21%	2.04%
Total Contributions as a Percentage of Covered Payroll (2)	15.83%	15.81%	15.71%	15.54%

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

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
$128,491	$132,625	$124,466	$130,890	$141,470	$147,677
(128,491)	(132,625)	(124,466)	(130,890)	(141,470)	(147,677)
$0	$0	$0	$0	$0	$0
$917,793	$947,321	$944,357	$944,374	$1,022,183	$1,097,969
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%
$14,935	$14,019	$23,421	$17,676	$19,385	$21,384
(14,935)	(14,019)	(23,421)	(17,676)	(19,385)	(21,384)
$0	$0	$0	$0	$0	$0
1.63%	1.48%	2.48%	1.87%	1.90%	1.95%
15.63%	15.48%	15.66%	15.73%	15.74%	15.40%

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

	2021	2020	2019	2018
Net Pension Liability				
Contractually Required Contribution	$508,135	$494,956	$504,509	$487,633
Contributions in Relation to the Contractually Required Contribution	(508,135)	(494,956)	(504,509)	(487,633)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$3,629,536	$3,535,400	$3,603,636	$3,483,093
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
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
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

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

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
$478,943	$452,868	$470,002	$432,882	$465,138	$504,690
(478,943)	(452,868)	(470,002)	(432,882)	(465,138)	(504,690)
$0	$0	$0	$0	$0	$0
$3,421,021	$3,234,771	$3,357,157	$3,329,864	$3,577,985	$3,882,231
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%
$0	$0	$0	$33,299	$35,780	$38,822
0	0	0	(33,299)	(35,780)	(38,822)
$0	$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

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

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

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

Changes in Assumptions - STRS

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

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

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

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

Net OPEB Liability

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:	
Fiscal year 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

Changes in Assumptions – STRS

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

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

Changes in Benefit Terms – STRS OPEB

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

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

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 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 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 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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*

Mathews Local School District
Trumbull County
4096 Cadwallader Sonk Rd.
Cortland, Ohio 44410

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mathews Local School District, Trumbull County, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 3, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We also noted the District had their capital assets reappraised and it was determined they were understated at June 30, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

March 3, 2022

OHIO AUDITOR OF STATE
KEITH FABER

MATHEWS LOCAL SCHOOL DISTRICT

TRUMBULL COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 4/12/2022