OHIO AUDITOR OF STATE
KEITH FABER

ADENA LOCAL SCHOOL DISTRICT
ROSS COUNTY
JUNE 30, 2021

TABLE OF CONTENTS

ADENA LOCAL SCHOOL DISTRICT
ROSS COUNTY
JUNE 30, 2021

TABLE OF CONTENTS
(Continued)

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Adena Local School District
Ross County
3367 County Road 550
Frankfort, Ohio 45628

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Adena Local School District, Ross County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School 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 School 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 School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 22 to the financial statements, during 2021, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

As discussed in Note 23 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2022, on our consideration of the School 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 School District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio
July 19, 2022

This page intentionally left blank.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Adena Local School District's (the "School District") discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- The School District's assets and deferred outflows exceeded its liabilities plus deferred inflows of resources at June 30, 2021 by $11,154,657.

- The School District's net position of governmental activities decreased $125,515.

- General revenues accounted for $12,220,378 in revenue or 77 percent of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for $3,561,705 or 23 percent of total revenues of $15,782,083.

- The School District had $15,907,598 in expenses related to governmental activities; $3,561,705 of these expenses was offset by program specific charges for services and sales and operating grants and contributions.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the Adena Local School District's financial situation as a whole and also give a detailed view of the School District's financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the School District's most significant funds with all other Non-Major funds presented in total in one column.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

The analysis of the School District as a whole begins with the Statement of Net Position and the Statement of Activities. These reports provide information that will help the reader to determine whether the School District is financially improving or declining as a result of the year's financial activities. These statements include all assets, liabilities and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School District has only one kind of activity.

- Governmental Activities. All of the School District's programs and services are reported here including instruction and support services.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the School District's funds begins on page 10. Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the School District is meeting legal responsibilities for use of grants. The School District's major fund is the General Fund.

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

Proprietary Fund. Proprietary fund reporting focuses on the determination of operating revenues over (under) operating expenses and changes in net position. Proprietary funds are classified as enterprise or internal service and the School District only has an internal service fund which is used to account for the activity where the School District self insures a portion of the employees' vision and dental coverage. This fund is reported using the accrual basis of accounting.

THE SCHOOL DISTRICT AS A WHOLE

As stated previously, the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2021 compared to 2020.

Table 1
Net Position

	2021	2020 *
Assets:		
Current and Other Assets	$ 12,974,002	$ 12,011,665
Net OPEB Asset	755,567	708,615
Capital Assets, Net	17,151,840	17,872,419
Total Assets	30,881,409	30,592,699
Deferred Outflows of Resources:		
Pensions	2,286,471	2,265,531
OPEB	391,673	239,339
Total Deferred Outflows of Resources	2,678,144	2,504,870
Liabilities:		
Current and Other Liabilities	1,186,015	1,278,497
Long-Term Liabilities:		
Due Within One Year	367,310	375,409
Due in More than One Year:		
Net Pension Liabilities	13,659,283	12,351,222
Net OPEB Liabilities	1,112,767	1,245,379
Other Amounts	1,159,986	1,509,584
Total Liabilities	17,485,361	16,760,091
Deferred Inflows of Resources		
Pensions	165,738	728,468
OPEB	1,521,779	1,289,783
Property Taxes not Levied to Finance the Current Year	3,232,018	3,078,173
Total Deferred Inflows of Resources	4,919,535	5,096,424
Net Position:		
Net Investment in Capital Assets	16,209,409	16,583,104
Restricted	492,729	781,063
Unrestricted	(5,547,481)	(6,123,113)
Total Net Position	$ 11,154,657	$ 11,241,054

* - The School District restated their beginning net position for 2021 pursuant to their implementation of GASB 84. However, fiscal year 2020 was not restated in the above schedule.

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2021 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other post-employment benefits (OPEB) liability (asset) is another significant liability (asset) reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,". For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability (asset) to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position. If there is a net OPEB asset, it will be reported in the asset section of the statement of net position. In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability (asset), respectively, not accounted for as deferred inflows/outflows.

Total net position of the School District as a whole decreased $125,515. Current and other assets increased primarily due to an increase in equity in pooled cash and cash equivalents and also a smaller increase in taxes receivable. Noncurrent assets decreased due to a decrease in depreciable capital assets net, which was caused by depreciation expense in 2021 which was partially offset by capital asset additions.

Deferred outflows of resources increased primarily due to changes in the net pension and net OPEB actuarial calculations over which the School District has no ability to control. Current liabilities decreased from prior year. Long-term liabilities increased primarily due to the increases in net pension liabilities. Deferred inflows of resources decreased due to pensions.

Table 2 shows the changes in net position for the fiscal years ended June 30, 2021 and 2020.

Table 2
Change in Net Position

	2021	2020
Revenues		
Program Revenues:		
Charges for Services and Sales	$ 774,138	$ 979,636
Operating Grants and Contributions	2,787,567	2,052,545
Total Program Revenues	3,561,705	3,032,181
General Revenues:		
Property and Other Local Taxes	3,421,013	3,855,913
Grants and Entitlements		
Not Restricted to Specific Programs	8,517,494	8,208,122
Gifts and Donations		
Not Restricted to Specific Programs	32,695	12,882
Investment Earnings	13,565	112,596
Gain on Sale of Capital Assets	1,500	-
Miscellaneous	234,111	70,193
Total General Revenues	12,220,378	12,259,706
Total Revenues	15,782,083	15,291,887
Program Expenses		
Instruction:		
Regular	7,047,612	6,442,477
Special	2,200,517	2,085,765
Vocational	94,502	87,322
Student Intervention Services	199,067	-
Other	899,286	899,967
Support Services:		
Pupils	534,012	556,073
Instructional Staff	204,517	227,534
Board of Education	99,317	75,364
Administration	1,199,807	1,110,555
Fiscal	420,966	353,660
Operation and Maintenance of Plant	1,018,193	973,180
Pupil Transportation	812,970	808,268
Central	250,595	245,001
Operation of Non-Instructional Services	434,592	487,392
Extracurricular Activities	436,316	392,169
Interest and Fiscal Charges	55,329	55,743
Total Expenses	15,907,598	14,800,470
Change in Net Position	(125,515)	491,417
Net Position at Beginning of Year *	11,280,172	10,749,637
Net Position at End of Year	$ 11,154,657	$ 11,241,054

* - The School District restated their beginning net position for 2021 pursuant to their implementation of GASB 84. However, fiscal year 2020 was not restated in the above schedule.

Governmental Activities

Grants and entitlements not restricted to specific programs comprised 54 percent of revenue for governmental activities and tax revenue comprised 22 percent, while operating grants and contributions comprised 18 percent of revenue for governmental activities of the School District for fiscal year 2021. The increase in operating grants and contributions is primarily due to additional grants for the Student Wellness and Success program. The increase in grants and entitlements not restricted to specific programs is due to an increase in overall foundation monies received by the School District in 2021.

As indicated by governmental program expenses, instruction is emphasized. Regular Instruction comprised 44 percent of governmental program expenses with special instruction comprising 14 percent of governmental expenses. The increase in expenses is due mainly to pension and OPEB activity.

The Statement of Activities shows the cost of program services and the charges for services and sales and operating and capital grants and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by unrestricted State entitlements and other general revenues.

Table 3
Total and Net Cost of Program Services
Governmental Activities

	2021		2020	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	$ 10,440,984	$ 7,982,287	$ 9,515,531	$ 7,539,774
Support Services	4,540,377	4,012,270	4,349,635	3,940,716
Operation of Non-Instructional Services	434,592	13,456	487,392	(23,663)
Extracurricular Activities	436,316	282,551	392,169	255,719
Interest and Fiscal Charges	55,329	55,329	55,743	55,743
Total Expenses	$ 15,907,598	$ 12,345,893	$ 14,800,470	$ 11,768,289

THE SCHOOL DISTRICT'S FUNDS

Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of $15,782,083 and expenditures and other financing uses of $15,083,584. The net change in fund balance for the year was most significant in the General Fund. The increase of $987,267 was primarily a result of increased intergovernmental revenues and overall the revenues exceeded expenditures.

General Fund Budgeting Highlights

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

During the course of fiscal year 2021, there were revisions to the General Fund budget. For the General Fund, the final budget basis revenue was $13,760,937, which was $1,216,356 above the original estimate amount of $12,544,581. Differences between the original and final budgeted revenues are due to higher than expected tax revenue received. The School District's final budgeted appropriations were $12,910,323 which was $437,461 below the original estimate of $12,472,862.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2021, the School District had $17,151,840 invested in its capital assets. Table 4 shows the fiscal year 2021 balances compared to 2020.

Table 4
Capital Assets
(Net of Accumulated Depreciation)

	Governmental Activities	
	2021	2020
Land	$ 677,044	$ 677,044
Land Improvements	356,700	504,628
Buildings and Improvements	14,550,459	15,379,221
Furniture, Fixtures, Equipment and Textbooks	775,075	649,582
Vehicles	792,562	661,944
Totals	$ 17,151,840	$ 17,872,419

Changes in capital assets from the prior year resulted from current year additions as well as disposals and depreciation expense. See Note 8 to the basic financial statements for more detailed information related to capital assets.

Debt

At June 30, 2021, the School District had $205,000 in bonds of which $205,000 is due within one year. The School District also had capital lease obligations outstanding of $561,014, of which $124,071 is due within one year. Table 5 summarizes the debt outstanding:

Table 5
Outstanding Debt at Year End
Governmental Activities

	2021	2020
General Obligation Bonds:		
2006 School Improvement Refunding Bonds	$ 205,000	$ 400,000
Premium on Refunding Bonds	-	2,581
Capital Leases	561,014	709,467
Total	$ 766,014	$ 1,112,048

See Note 14 to the basic financial statements for more detailed information related to the School District's debt and long term obligations.

CURRENT ISSUES

The Adena Local School District is currently benefitting from additional state funding due to the new biennial state budget. For fiscal year 2020 and 2021, revenues exceeded expenditures. The Adena Local Board of Education is continually searching for ways to minimize spending. All expenditures, including personnel costs, are strictly scrutinized so as not to deplete the carryover funds as quickly. The Adena Local Board of Education will continue to monitor the school's financial status to consider the need for potential levies.

The Adena Local Board of Education is dedicated to providing a quality education for our students and stabilizing the financial future for our School District. Our School District has taken a proactive approach by developing a school improvement plan. This plan addresses student and staff needs that assist our School District in becoming a School District of excellence. This quality education is exhibited by our consistent above average rating by the Ohio Department of Education.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the School District's financial condition 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 Kell Morton, Treasurer, Adena Local School District, 3367 County Road 550, Frankfort, Ohio 45628, or email at kell.morton@adenalocalschools.com.

Adena Local School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$ 9,196,227
Intergovernmental Receivable	159,338
Taxes Receivable	3,618,437
Noncurrent Assets:	
Net OPEB Asset	755,567
Nondepreciable Capital Assets	677,044
Depreciable Capital Assets, Net	16,474,796
Total Assets	30,881,409
Deferred Outflows of Resources	
Pension:	
State Teachers Retirement System	1,793,833
School Employees Retirement System	492,638
OPEB:	
State Teachers Retirement System	87,655
School Employees Retirement System	304,018
Total Deferred Outflows of Resources	2,678,144
Liabilities	
Current Liabilities:	
Accounts Payable	15,381
Accrued Wages and Benefits Payable	937,822
Intergovernmental Payable	202,391
Accrued Interest Payable	893
Matured Compensated Absences Payable	24,495
Claims Payable	5,033
Noncurrent Liabilities:	
Due Within One Year	367,310
Due in More Than One Year	
Net Pension Liability (See Note 10)	13,659,283
Net OPEB Liability (See Note 11)	1,112,767
Other Amounts Due in More Than One Year	1,159,986
Total Liabilities	17,485,361
Deferred Inflows of Resources	
Pensions:	
State Teachers Retirement System	165,738
OPEB:	
State Teachers Retirement System	886,083
School Employees Retirement System	635,696
Property Taxes not Levied to Finance Current Year Operations	3,232,018
Total Deferred Inflows of Resources	4,919,535
Net Position	
Net Investment in Capital Assets	16,209,409
Restricted for:	
Debt Service	160,942
Capital Outlay	24,903
Other Purposes	306,884
Unrestricted (Deficit)	(5,547,481)
Total Net Position	$ 11,154,657

The notes to the basic financial statements are an integral part of this statement.

Adena Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2021

		Program Revenues		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental Activities:				
Instruction:				
Regular	$7,047,612	$ 295,799	$ 366,566	$ (6,385,247)
Special	2,200,517	141,880	1,546,500	(512,137)
Vocational	94,502	4,076	43,902	(46,524)
Student Intervention Services	199,067	9,316	-	(189,751)
Other	899,286	50,658	-	(848,628)
Support Services:				
Pupils	534,012	23,290	-	(510,722)
Instructional Staff	204,517	9,508	190,699	(4,310)
Board of Education	99,317	4,658	-	(94,659)
Administration	1,199,807	56,857	10,594	(1,132,356)
Fiscal	420,966	19,797	-	(401,169)
Operation and Maintenance of Plant	1,018,193	49,029	72,042	(897,122)
Pupil Transportation	812,970	37,609	42,378	(732,983)
Central	250,595	11,646	-	(238,949)
Operation of Non-Instructional Services	434,592	35,501	385,635	(13,456)
Extracurricular Activities	436,316	24,514	129,251	(282,551)
Interest and Fiscal Charges	55,329	-	-	(55,329)
Total Governmental Activities	$ 15,907,598	$ 774,138	$ 2,787,567	(12,345,893)
General Revenues:				
Property Taxes Levied for:				
General Purposes				3,239,601
Building Maintenance				45,368
Debt Service				132,224
Income Tax				3,820
Grants and Entitlements not Restricted to Specific Programs				8,517,494
Gifts and Donations not Restricted to Specific Programs				32,695
Investment Earnings				13,565
Gain on Sale of Capital Assets				1,500
Miscellaneous				234,111
Total General Revenues				12,220,378
Change in Net Position				(125,515)
Net Position Beginning of Year - As Restated				11,280,172
Net Position End of Year				$ 11,154,657

The notes to the basic financial statements are an integral part of this statement.

Adena Local School District
Balance Sheet
Governmental Funds
June 30, 2021

	General	All Other Governmental Funds	Total Governmental Funds
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	$ 7,953,520	$ 795,801	$ 8,749,321
Interfund Receivable	314,321	-	314,321
Intergovernmental Receivable	36,177	123,161	159,338
Taxes Receivable	3,528,602	89,835	3,618,437
Total Assets	$ 11,832,620	$ 1,008,797	$ 12,841,417
LIABILITIES:			
Accounts Payable	$ 2,221	$ 13,160	$ 15,381
Accrued Wages and Benefits	866,649	71,173	937,822
Interfund Payable	-	314,321	314,321
Intergovernmental Payable	193,984	8,407	202,391
Matured Compensated Absences Payable	24,495	-	24,495
Total Liabilities	1,087,349	407,061	1,494,410
DEFERRED INFLOWS OF RESOURCES:			
Property Taxes not Levied to Finance Current Year Operations	3,163,169	68,849	3,232,018
Unavailable Revenue - Delinquent Taxes	95,473	5,549	101,022
Unavailable Revenue - Grants	-	123,161	123,161
Total Deferred Inflows of Resources	3,258,642	197,559	3,456,201
FUND BALANCES:			
Restricted	-	753,012	753,012
Committed	274,607	-	274,607
Assigned	137,623	-	137,623
Unassigned (Deficit)	7,074,399	(348,835)	6,725,564
Total Fund Balances	7,486,629	404,177	7,890,806
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 11,832,620	$ 1,008,797	$ 12,841,417

The notes to the basic financial statements are an integral part of this statement.

Adena Local School District

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

Total Governmental Fund Balances		$ 7,890,806
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.		17,151,840
Other long-term assets are not available to pay for current period expenditures and therefore are not reported in the funds.		
Taxes	101,022	
Intergovernmental	123,161	
Total		224,183
The net pension liability and net OPEB liability (asset) are not due and payable in the current period; therefore, the liabilities (asset) and related deferred inflows/outflows are not reported in the funds.		
Deferred outflows of resources related to pensions	2,286,471	
Deferred outflows of resources related to OPEB	391,673	
Deferred inflows of resources related to pensions	(165,738)	
Deferred inflows of resources related to OPEB	(1,521,779)	
Net Pension Liability	(13,659,283)	
Net OPEB Asset	755,567	
Net OPEB Liability	(1,112,767)	
Total		(13,025,856)
An internal service fund is used by management to charge the cost of insurance to individuals. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		441,873
Long-term liabilities, including bonds, premiums, interest payable, capital lease obligations, and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	(761,282)	
Interest Payable	(893)	
Capital Lease Obligations	(561,014)	
Bonds Payable	(205,000)	
Total		(1,528,189)
Net Position of Governmental Activities		$ 11,154,657

The notes to the basic financial statements are an integral part of this statement.

Adena Local School District

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2021

	General	All Other Governmental Funds	Total Governmental Funds
REVENUES:			
Property and Other Taxes	$ 3,235,427	$ 177,592	$ 3,413,019
Intergovernmental	9,130,418	2,141,660	11,272,078
Interest	13,505	60	13,565
Tuition and Fees	554,621	-	554,621
Rent	-	-	-
Extracurricular Activities	27,655	177,041	204,696
Gifts and Donations	24,121	8,574	32,695
Customer Sales and Services	-	14,821	14,821
Miscellaneous	213,344	20,767	234,111
Total Revenues	13,199,091	2,540,515	15,739,606
EXPENDITURES:			
Current:			
Instruction:			
Regular	5,311,774	389,687	5,701,461
Special	1,155,330	948,918	2,104,248
Vocational	86,097	-	86,097
Student Intervention Services	199,067	-	199,067
Other	863,918	20,228	884,146
Support Services:			
Pupils	306,137	200,599	506,736
Instructional Staff	191,462	3,176	194,638
Board of Education	99,198	-	99,198
Administration	1,076,093	11,102	1,087,195
Fiscal	406,042	4,006	410,048
Operation and Maintenance of Plant	898,619	76,333	974,952
Pupil Transportation	699,770	44,858	744,628
Central	238,077	-	238,077
Operation of Non-Instructional Services	12,383	413,764	426,147
Extracurricular Activities	257,446	137,405	394,851
Capital Outlay	214,666	267,606	482,272
Debt Service:			
Principal	48,455	295,000	343,455
Interest	1,180	57,578	58,758
Total Expenditures	12,065,714	2,870,260	14,935,974
Excess of Revenues Over (Under) Expenditures	1,133,377	(329,745)	803,632
OTHER FINANCING SOURCES AND (USES):			
Transfers In	-	147,610	147,610
Proceeds from Sale of Capital Assets	1,500	-	1,500
Transfers Out	(147,610)	-	(147,610)
Total Other Financing Sources and (Uses)	(146,110)	147,610	1,500
Net Change in Fund Balances	987,267	(182,135)	805,132
Fund Balances at Beginning of Year - As Restated	6,499,362	586,312	7,085,674
Fund Balances at End of Year	$ 7,486,629	$ 404,177	$ 7,890,806

The notes to the basic financial statements are an integral part of this statement.

Adena 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		$ 805,132
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 asset additions in the current period.		
Capital Asset Additions	482,272	
Current Year Depreciation	(1,197,171)	
Total		(714,899)
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities a gain or loss is reported for each disposal. This is the loss on the disposal of capital assets.		
Disposal of Capital Assets	(5,680)	
Total		(5,680)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	7,994	
Intergovernmental	32,983	
Total		40,977
The amortization of premiums on the issuance of debt are not recorded in the governmental funds but are recorded as interest expense on the statement of activities.		2,581
Repayments of bond principal are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net position and does not result in an expense in the statement of activities.		195,000
Repayments of capital lease obligations are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net position and does not result in an expense in the statement of activities.		148,453
Contractually required contributions related to pensions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		952,110
Contractually required contributions related to OPEB are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		34,319
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(1,676,501)
Except for amounts reported as deferred inflows/outflows, changes in the net OPEB liability (asset) are reported as OPEB expense in the statement of activities.		65,583
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		14,897
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.		
Increase in Compensated Absences	11,663	
Decrease in Accrued Interest Payable	850	
Total		12,513
Net Change in Net Position of Governmental Activities		$ (125,515)

The notes to the basic financial statements are an integral part of this statement.

Adena Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual (Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
Total Revenues and Other Financing Sources	$ 12,544,581	$ 13,760,937	$ 13,760,937	$ -
Total Expenditures and Other Financing Uses	12,472,862	12,910,323	12,910,323	-
Net Change in Fund Balance	71,719	850,614	850,614	-
Fund Balance at Beginning of Year	6,455,291	6,455,291	6,455,291	-
Prior Year Encumbrances Appropriated	191,915	191,915	191,915	-
Fund Balance at End of Year	$ 6,718,925	$ 7,497,820	$ 7,497,820	$ -

The notes to the basic financial statements are an integral part of this statement.

Adena Local School District
Statement of Fund Net Position
Governmental Activities - Internal Service Fund
June 30, 2021

	Internal Service
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$ 446,906
Total Assets	446,906
LIABILITIES:	
Current Liabilities:	
Claims Payable	5,033
Total Liabilities	5,033
NET POSITION:	
Unrestricted	441,873
Total Net Position	$ 441,873

The notes to the basic financial statements are an integral part of this statement.

Adena Local School District

Statement of Revenues, Expenses and Changes in Fund Net Position
Governmental Activities - Internal Service Fund
For the Fiscal Year Ended June 30, 2021

	Internal Service
OPERATING REVENUES:	
Charges for Services	$ 95,152
Total Operating Revenues	95,152
OPERATING EXPENSES:	
Purchased Services	4,276
Claims	75,979
Total Operating Expenses	80,255
Changes in Net Position	14,897
Net Position at Beginning of Year	426,976
Net Position at End of Year	$ 441,873

The notes to the basic financial statements are an integral part of this statement.

Adena Local School District

Statement of Cash Flows

Governmental Activities - Internal Service Fund

For the Fiscal Year Ended June 30, 2021

	Internal Service
Decrease in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Interfund Services Provided and Used	$ 95,152
Cash Payments for Claims	(73,687)
Cash Payments for Purchased Services	(4,276)
Net Cash Used for Operating Activities	17,189
Cash and Cash Equivalents at Beginning of Year	429,717
Cash and Cash Equivalents at End of Year	$ 446,906
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Income	$ 14,897
Changes in Assets and Liabilities:	
Increase in Claims Payable	2,292
Net Cash Used for Operating Activities	$ 17,189

The notes to the basic financial statements are an integral part of this statement.

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

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

The School District was established in 1965 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 123 square miles. It is located in Ross County, and includes all of the Villages of Clarksburg and Frankfort, and portions of Concord, Deerfield, and Union Townships. It is staffed by 68 non-certificated employees, 80 certificated full-time teaching personnel and 5 administrative employees who provide services to 1,232 students and other community members. The School District currently operates two instructional buildings.

Reporting Entity

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

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

The School District participates in six organizations, three of which are defined as jointly governed organizations, and two as insurance purchasing pools, and one as a public entity shared risk servicing pool. These organizations are the Metropolitan Educational Technology Association (META), the Pickaway-Ross County Career and Technology Center, the Great Seal Education Network of Tomorrow, the Ohio School Boards Association Workers' Compensation Group Rating Plan, the Ohio School Plan, and the Ross County School Employees Insurance Consortium. These organizations are presented in Notes 16 and 17 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 accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

A. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The activity of the Internal Service Fund is eliminated to avoid "doubling up" revenues and expenses. The statements usually distinguish between those activities of the School District that are governmental and those that are classified as business-type, however, the School District has no activities that are classified as business-type.

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; and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary. The School District does not have 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 plus deferred inflows of resources is reported as fund balance. The following is the School District's major governmental fund:

> ***General Fund*** The General Fund is the general operating fund of the School District and is used to account for all financial resources not accounted for and reported in another fund. The General Fund is available to the School District for any purpose provided it is expended or transferred according to the school laws of Ohio.

The other governmental funds of the School District account for grants and other resources, debt service, and capital projects, whose use is restricted to a particular purpose.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the self-insurance program for employee dental insurance. In the statement of activities internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

C. Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, 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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for internal service funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of unavailable revenue, the presentation of expenses versus expenditures, the recording of deferred inflows and outflows of resources related to net pension/OPEB liabilities (assets), and the recording of net pension/OPEB liabilities (asset).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Measurable means the amount of the transaction can be determined. 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.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). 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 non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, certain grants, and charges for services and sales.

Deferred Outflows and Deferred Inflows of Resources Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The School District recorded a deferred outflow of resources for pensions and other postemployment benefits. The deferred outflows of resources related to the pensions and postemployment benefits are explained in Notes 10 and 11. The School District also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the School District these amounts consist of taxes, interest and grants which are not collected in the available period, pensions, and postemployment benefits. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet is primarily due to delinquent property taxes, interest and grants not received during the available period. These were reported as revenues on the Statement of Activities and not recorded as deferred inflows on the Statement of Net Position. Deferred inflows of resources related to pension and postemployment benefits are reported on the Statement of Net Position. (See Notes 10 and 11)

Expenses/Expenditures 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.

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

E. Budgetary Process

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 set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the fund and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

F. 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. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During fiscal year 2021 the School District's investments were limited to the State Treasury Assets Reserve of Ohio (STAROhio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

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

For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of $25 million or more. STAR Ohio reserves the right to limit the transaction to $100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund and the All Other Governmental Funds during fiscal year 2021 amounted to $13,505 and $60, respectively.

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.

G. Capital Assets

The School District's only capital assets are general capital assets. General capital assets are those assets specifically related to governmental activities. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Description	Estimated Lives
Land Improvements	7-30 years
Buildings and Improvements	50 years
Furniture, Fixtures, Equipment, and Textbooks	5 – 20 years
Vehicles	7-8 years

H. Interfund Balances

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

I. 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.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after 15 years of current service with the School District.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

J. Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and special termination benefits 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. Bonds are recognized as a liability on the governmental fund financial statements when due.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Net Position

Net position represents the difference between assets, liabilities and deferred inflows/outflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings and the effect of deferred outflows and inflows related to the acquisition, construction or improvement of those assets.

Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions, or enabling legislation adopted or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Other purposes restricted net position include various grants and other resources restricted for various purposes. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Of the School District's restricted net position, none are restricted by enabling legislation.

L. Operating Revenues and Expenses

Operating revenues are those revenues that are generating directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for high deductibles for healthcare provided to employees. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund.

M. Interfund Transactions

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

N. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

O. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent cash and cash equivalents legally required to be set-aside by the School District for capital improvements and cash held as retainage for contractors. See Note 15 for additional information regarding set-asides.

P. Fund Balance

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

Nonspendable The nonspendable fund balance classification includes amounts that cannot be spent because they are not in the 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. 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. In the General Fund, assigned amounts represent intended uses established by policies of the School District Board of Education.

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

Q. Pensions and Other PostEmployment Benefits (OPEB)

For purposes of measuring the net pension liability, net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension 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.

R. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

NOTE 3 – ACCOUNTABILITY

At June 30, 2021, the Elementary/Secondary School Emergency Relief Fund, Title VI-B, Title I, IDEA Restoration, Title VI-R (590), and Title VI-R (599) Funds had deficit fund balances of $233,353, $49,340, $39,366, $2,065, $19,471, and $5,240 respectively, which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (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 and Actual (Budgetary Basis) - presented 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 (modified accrual) basis are that:

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

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

3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment or assignment of fund balance (GAAP basis).

4. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

Net Change in Fund Balance
General Fund

GAAP Basis	$ 987,267
Revenue Accruals	682,830
Expenditure Accruals	(592,923)
Perspective Difference:	
Activity of Funds Reclassified for GAAP Reporting Purposes	(86,716)
Encumbrances	(139,844)
Budget Basis	$ 850,614

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

Interim monies may 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 bonds and other obligations of political subdivisions of the State of Ohio;

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);

8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty 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.

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

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

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Deposits Custodial credit risk is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, $791,886 of the School District's bank balance of $1,041,886 was exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

The School District does not have a deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

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

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

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

	Market Value	Weighted Average Maturity (Yrs.)
STAROhio	$ 8,477,486	< 1 yr

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2021. As discussed further in Note 2D, STAR Ohio is reported at its share price.

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the School District manages it exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District limits its investments to STAROhio. Investments in STAROhio were rated AAAm by Standard & Poor's. The School District's policy does not address credit risk beyond the requirements of the Ohio Revised Code.

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policy allows investments in STAROhio, repurchase agreements, certificates of deposit or investments with financial institutions within the State of Ohio as designated by the Federal Reserve Board. The policy places no limit on how much can be invested in a single issuer. The School District has invested 100% of its investments in STAROhio.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District's securities are either insured and registered in the name of the School District or at least registered in the name of the School District. The School District's policy does not address custodial credit risk beyond the requirements of the Ohio Revised Code.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 21. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2020 represents collections of calendar year 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 currently is assessed at varying percentages of true value.

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
Agricultural/Residental and Other Real Estate	$142,028,060	84.77%	$145,808,060	85.11%
Public Utility	25,524,970	15.23%	25,513,680	14.89%
Total Assessed Value	$167,553,030	100.00%	$171,321,740	100.00%
Tax rate per $1,000 of assessed valuation	$ 35.30		$ 35.20	

NOTE 6 - PROPERTY TAXES (Continued)

The School District receives property taxes from Ross County and Pickaway County. The Ross County Auditor and Pickaway 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 represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2021. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to unavailable revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2021 was $266,139 in the General Fund and $15,437 in all other governmental funds and is recognized as revenue.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2021 consisted of taxes, accounts, notes, intergovernmental grants and interfund. 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 are expected to be received within one year.

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
Major Fund:	
General	$36,177
Non-Major Special Revenue Funds:	
IDEA-Restoration	6,642
Title VI-R (599)	2,838
Title VI-B	19,542
Early Childhood	20,000
Elementary/Secondary School Emergency Relief	3,456
Title I	55,602
Title VI-R (590)	49,161
Total Non-Major	157,241
Total Intergovernmental Receivables	$193,418

NOTE 8 - CAPITAL ASSETS

A summary of the changes in general capital assets during fiscal year 2021 follows:

	Balance 6/30/2020	Additions	Deductions	Balance 6/30/2021
Capital Assets:				
Capital Assets not being depreciated:				
Land	$ 677,044	$ -	$ -	$ 677,044
Total Capital Assets not being Depreciated	677,044	-	-	677,044
Depreciable Capital Assets:				
Land Improvements	3,061,852	-	-	3,061,852
Buildings and Improvements	28,749,232	34,306	(1,850)	28,781,688
Furniture, Fixtures, Equipment and Textbooks	3,567,740	265,964	(220,541)	3,613,163
Vehicles	1,617,904	182,002	(33,181)	1,766,725
Total Capital Assets being Depreciated	36,996,728	482,272	(255,572)	37,223,428
Less Accumulated Depreciation				
Land Improvements	(2,557,224)	(147,928)	-	(2,705,152)
Buildings and Improvements	(13,370,011)	(863,068)	1,850	(14,231,229)
Furniture, Fixtures, Equipment and Textbooks	(2,918,158)	(134,791)	214,861	(2,838,088)
Vehicles	(955,960)	(51,384)	33,181	(974,163)
Total Accumulated Depreciation	(19,801,353)	(1,197,171)	249,892	(20,748,632)
Total Capital Assets being Depreciated, Net	17,195,375	(714,899)	(5,680)	16,474,796
Capital Assets, Net	$ 17,872,419	$ (714,899)	$ (5,680)	$ 17,151,840

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$1,058,191
Special	2,821
Vocational	2,052
Support Services:	
Pupils	2,754
Instructional Staff	2,126
Administration	1,934
Fiscal	836
Operation and Maintenance of Plant	36,312
Pupil Transportation	54,709
Extracurricular Activities	29,020
Operation of Non-Instructional Services	6,416
Total Depreciation Expense	$ 1,197,171

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The School District participates in the Wright Specialty Insurance school insurance program, a public entity insurance purchasing pool. Each individual school district enters into an agreement with Wright Specialty Insurance and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to Wright Specialty Insurance.

Buildings and Contents - replacement cost ($2,500 deductible)	$ 45,746,893
General Liability:	
Bodily Injury and Property Damage - Each Occurrence Limit and Sexual Abuse Injury - Each Sexual Abuse Offense Limit	3,000,000
Personal and Advertising Injury - Each Offense Limit	3,000,000
General Aggregate Limit	5,000,000
Products - Completed Operations Limit	3,000,000
Employee Benefits Liability Endorsement:	
Employee Benefits Injury - Each Offense Limit	3,000,000
Employee Benefits Injury - Aggregate Limit	5,000,000
Employer's Liabilty and Stop Gap Endorsement:	
Bodily Injury by Accident - Each Accident Limit	3,000,000
Bodily Injury by Disease - Endorsement Limit	3,000,000
Bodily Injury by Disease - Each Employee Limit	3,000,000
Education Legal Liability Coverage ($2,500 deductible):	
Errors and Ommissions Injury Limit	3,000,000
Errors and Ommissions Injury Aggregate Limit	5,000,000
Employment Practices Injury Limit	3,000,000
Employment Practices Injury Aggregate Limit	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. The School District evaluated its insurance coverages and modified as necessary for the current fiscal year.

For fiscal year 2021, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (See Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement provides administrative, cost control, and actuarial services to the GRP.

The School District is a member of the Ross County Insurance Consortium, a public entity shared risk pool (Note 17), consisting of school districts within the County offering medical and dental insurance to their employees. Monthly premiums are paid to the Ross County Insurance Consortium as fiscal agent, who in turns pays the claims on the School District's behalf. The Council is responsible for the management and operations of the program. Upon termination from the Council, for any reason, the Council shall have no obligation under the plan beyond paying the difference between the claims incurred (even though later filed) and expenses of the Plan due up to the date of termination plus extended benefits, if any, provided under the Plan. Such claims and expenses shall be paid from the funds of the Council.

NOTE 9 - RISK MANAGEMENT (Continued)

The School District is self-insured for dental insurance through Professional Risk Management, a Meritain Health Company. The claims liability of $5,033 reported in the Internal Service Fund at June 30, 2021 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10 "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Premiums are paid from the same funds that pay the employees' salaries.

Changes in claims activity for the past two fiscal years follow:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2020	3,983	80,999	82,241	2,741
2021	2,741	75,979	73,687	5,033

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions and 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 and OPEB are 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 and OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension and OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

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

GASB Statements No. 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 long-term net pension/OPEB liability (asset) 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 accrued wages and benefits on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the required pension disclosures. See Note 11 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, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 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.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, 14.0% was designated to pension, death benefits, and Medicare B. There was no amount allocated to the Health Care Fund for fiscal year 2020.

The School District's contractually required contribution to SERS was $245,886 for fiscal year 2021. Of this amount $14,947 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until Aug. 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit 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.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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

The School District's contractually required contribution to STRS Ohio was $706,224 for fiscal year 2021. Of this amount $145,508 is reported as an intergovernmental payable.

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

The net pension liability disclosed as current year below was measured as of June 30, 2021, 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 projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability - Current Year	0.0492421%	0.04299106%	
Proportionate Share of the Net Pension Liability - Prior Year	0.0482967%	0.04278455%	
Change in Proportionate Share	0.0009454%	0.00020651%	
Proportion of the Net Pension Liability	$3,256,976	$10,402,307	$13,659,283
Pension Expense (Gain)	$365,478	$1,311,023	$1,676,501

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

Deferred Outflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$6,323	$23,340	$29,663
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	33,678	-	33,678
Changes of assumptions	0	558,403	558,403
Differences between projected and actual investment earnings	206,751	505,866	712,617
School District contributions subsequent to the measurement date	245,886	706,224	952,110
Total	$492,638	$1,793,833	$2,286,471

Deferred Inflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$0	$66,515	$66,515
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	0	99,223	99,223
Total	$0	$165,738	$165,738

$952,110 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 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:

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	$22,062	$306,203	$328,265
2023	73,781	130,250	204,031
2024	86,178	260,063	346,241
2025	64,731	225,355	290,086
Total	$246,752	$921,871	$1,168,623

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:

Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent - On and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement.
Inflation	3.00 percent
Investment Rate of Return	7.50 percent net of investments 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% of male rates, and 110% of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement. The most recent experience study was completed for the five-year period ended June 30, 2015.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - SERS (continued)

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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US 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 Estate	17.00	6.60
Multi-Asset Strategy	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 earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	$4,461,660	$3,256,976	$2,246,224

Assumptions and Benefit Changes Since the Prior Measurement Date - There were no changes in assumptions or benefits since the prior measurement date.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - STRS

The total pension liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Payroll Increases	3.0%
Investment Rate of Return	7.45 percent, net of investment expenses
Discount Rate of Return	7.45%
Cost-of-Living Adjustments (COLA)	0%

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

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

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

Asset Class	Target Allocation	Long-Term Expected 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% and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – STRS (continued)

Discount Rate The discount rate used to measure the total pension liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. 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 Ohio'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 pension plan investments of 7.45% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table 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	$14,811,074	$10,402,307	$6,666,244

***Assumptions and Benefit Changes Since the Prior Measurement Date* -** There were no changes in assumptions or benefit terms since the prior measurement date.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2021, four of the School District's members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 11 - DEFINED BENEFIT OPEB PLANS

See Note 10 for a description of the net OPEB liability (asset).

School Employees Retirement System

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

School Employees Retirement System (continued)

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 of covered payroll 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 $34,319.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. No portion of covered payroll was allocated to the Health Care Fund in 2021. The School District's contractually required contribution to SERS was $34,319 for fiscal year 2021.

State Teachers Retirement System

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

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS (continued)

Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset)

The net OPEB (asset) liability was measured as of June 30, 2020, and the total OPEB (asset) liability used to calculate the net OPEB (asset) liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB (asset) liability 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:

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability (Asset) - Current Year	0.05120110%	0.04299106%	
Proportionate Share of the Net OPEB Liability (Asset) - Prior Year	0.04952220%	0.04278455%	
Change in Proportionate Share	0.00167890%	0.00020651%	
Proportion Share of the Net OPEB Liability	$1,112,767	$0	$1,112,767
Proportion Share of the Net OPEB (Asset)	$0	($755,567)	($755,567)
OPEB Expense (Gain)	($16,797)	($48,786)	($65,583)

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

Deferred Outflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$14,615	$48,413	$63,028
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	52,857	289	53,146
Changes of assumptions	189,688	12,473	202,161
Differences between projected and actual investment earnings	12,539	26,480	39,019
School District contributions subsequent to the measurement date	34,319	-	34,319
Total	$304,018	$87,655	$391,673

Deferred Inflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$565,920	$150,498	$716,418
Differences between projected and actual investment earnings	-	0	0
Changes of assumptions	28,028	717,662	745,690
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	41,748	17,923	59,671
Total	$635,696	$886,083	$1,521,779

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset) (continued)

$34,319 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 (adjustment to net OPEB asset) 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	($78,060)	($198,971)	($277,031)
2023	(77,154)	(181,048)	(258,202)
2024	(77,302)	(174,760)	(252,062)
2025	(68,878)	(170,639)	(239,517)
2026	(48,156)	(36,550)	(84,706)
Thereafter	(16,447)	(36,460)	(52,907)
Total	($365,997)	($798,428)	($1,164,425)

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 are presented below:

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – SERS (continued)

Valuation Date	June 30, 2020
Actuarial Assumptions Experience Study Date	5 year period ended June 30, 2015
Investment Rate of Return	7.50 percent, net of investment expenses, including inflation
Price Inflation	3.00%
Salary increases, including price inflation	3.50% - 18.20%
Municipal Bond Index Rate	
Prior Measurement Date	3.13%
Measurement Date	2.45%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Prior Measurement Date	3.22%
Measurement Date	2.63%
Medical Trend Assumption	
Pre-Medicare	7.00% - 4.75%
Medicare	5.25% - 4.75%

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

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

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

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

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – SERS (continued)

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.0% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45%, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. 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%).

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	$1,362,000	$1,112,767	$914,628

The following table presents the OPEB liability of SERS, what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower and higher than the current rate.

	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
School District's proportionate share of the net OPEB liability	$876,220	$1,112,767	$1,429,092

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – SERS (continued)

Assumptions and Benefit Changes Since the Prior Measurement Date - The following changes in key methods and assumptions as presented below:

(1)	Discount Rate:	
	Prior Measurement Date	3.22%
	Measurement Date	2.63%
(2)	Municipal Bond Index Rate:	
	Prior Measurement Date	3.13%
	Measurement Date	2.45%

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% at age 20 to 2.50% at age 65	
Payroll increases	3.00%	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45%	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	5.00%	4.00%
Medicare	-6.69%	4.00%
Prescription Drug		
Pre-Medicare	6.50%	4.00%
Medicare	11.87%	4.00%

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

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

Experience Studies — 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.

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – STRS (continued)

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

Asset Class	Target Allocation	Long-Term Expected 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% and does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate — The discount rate used to measure the total OPEB liability was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on health care fund investments of 7.45% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2020.

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

NOTE 11 – DEFINED BENEFIT OPEB PLANS (continued)

Actuarial Assumptions – STRS (continued)

	1% Decrease in Discount Rate (6.45%)	Current Discount Rate (7.45%)	1% Increase in Discount Rate (8.45%)
School District's proportionate share of the net OPEB (asset) liability	($657,393)	($755,567)	($838,865)

	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
School District's proportionate share of the net OPEB (asset) liability	($833,694)	($755,567)	($660,397)

Assumption Changes Since the Prior Measurement Date – There were no changes in assumptions since the prior measurement date of June 30, 2019.

Benefit Term Changes Since the Prior Measurement Date There was no change to the claims costs process. Claim curves were updated to reflect the projected FYE 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are contracted to work 260 days per year earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, certificated employees receive payment for one-fourth of accumulated sick days with maximum payments as follows: Employees, upon retirement, receive payment for one-fourth of accumulated sick days with maximum payments up to 55 days.

B. Life Insurance

The School District provides life insurance to most employees through American United Life.

C. Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, deferred compensation is not available until termination, retirement, death, or an unforeseeable emergency.

NOTE 13 – CAPITAL LEASES – LESSEE DISCLOSURE

During the 2014 fiscal year, the School District entered into a lease for copiers. During the 2011 fiscal year, the School District entered into a lease for the installation, construction, and repair of energy conservation equipment. Each lease meets the criteria of a capital lease as defined by the Accounting Principles Generally Accepted in the United States of America, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

For the leased assets related to the governmental funds, capital assets acquired by lease have been capitalized in the government-wide financial statements in an amount of $1,728,208. This amount represents the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the government-wide financial statements. The leases are paid from the General Fund and the Debt Service Fund. Future minimum lease payments are as follows:

Fiscal Year Ending June 30,	
2022	157,891
2023	143,465
2024	124,046
2025	116,570
2026	113,916
Total Minimum Lease Payments	655,888
Less: Amounts Representing Interest	(94,874)
Present Value of Minimum Lease Payments	$ 561,014

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2021 were as follows:

	Amount Outstanding 06/30/2020	Additions	Deductions	Amount Outstanding 06/30/2021	Amount Due Within One Year
General Obligation Bonds:					
2006 School Improvement Refunding Bonds - 5.50%	$ 400,000	$ -	$ 195,000	$ 205,000	$ 205,000
Premium on Refunding Bonds	2,581	-	2,581	-	-
Net Pension Liability:					
STRS	9,461,546	940,761	-	10,402,307	-
SERS	2,889,676	367,300	-	3,256,976	-
Net OPEB Liability:					
STRS	-	-	-	- *	-
SERS	1,245,379	-	132,612	1,112,767	-
Other Long-Term Obligations:					
Capital Leases Payable	709,467	-	148,453	561,014	124,071
Compensated Absences Payable	772,945	808,044	819,707	761,282	38,239
Total Long-Term Obligations	$ 15,481,594	$ 2,116,105	$ 1,298,353	$ 16,299,346	$ 367,310

*OPEB for STRS has a Net OPEB asset in the amount of $755,567 as of June 30, 2021.

NOTE 14 - LONG-TERM OBLIGATIONS (Continued)

During 2006, the School District issued $1,085,000 of general obligation school improvement refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of $1,110,000 of general obligation bonds which constitutes a portion of the 1999 general obligation school improvement bonds. As a result, the outstanding principal of $1,110,000 of the advance refunded debt was considered to be defeased and the liability was removed from the governmental activities column of the statement of net position. The $1,110,000 of defeased debt was paid off in December of 2009. The refunding bonds are being repaid from the Debt Service Fund.

Compensated absences will be paid from the Termination of Benefits Special Revenue Fund. Capital leases are being paid from the General Fund and the Debt Service Fund.

The School District's overall legal debt margin was $15,213,957 with an unvoted debt margin of $171,322 at June 30, 2021.

Principal and interest requirements to retire the bonds outstanding at June 30, 2021, are as follows:

Fiscal Year Ending June 30,	School Improvement Refunding Bonds Principal	School Improvement Refunding Bonds Interest
2022	$ 205,000	$ 5,638
	$ 205,000	$ 5,638

NOTE 15 – 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 year-end 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 year-end set-aside amounts for capital improvements. Disclosure of this information is required by State statute.

	Capital Improvements
Set-aside Reserve Balance as of June 30, 2020	$ -
Current Year Set-aside Requirement	223,301
Current Year Offsets	(175,479)
Current Year Disbursements	(47,822)
Set-aside Reserve Balance as of June 30, 2021	$ -

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association - META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client's needs.

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS (Continued)

The governing board of META consists of a president, vice president and six board members who represent the members of META. The board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. The School District paid META $45,291 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Pickaway-Ross County Career and Technology Center

The Pickaway-Ross County Career and Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven representatives from the various City and County Boards within Pickaway and Ross Counties, each of which possesses its own budgeting and taxing authority. The Center provides vocational instruction to students in both Pickaway and Ross Counties. To obtain financial information write to the Pickaway-Ross County Career and Technology Center, Todd Stahr, who serves as Treasurer, at 895 Crouse Chapel Road, Chillicothe, Ohio 45601.

Great Seal Education Network of Tomorrow

The Great Seal Education Network of Tomorrow is a regional council of governments (the "Council") consisting of twelve city, local, and joint vocational school districts, two educational service centers and the Ohio University-Chillicothe Campus for the purpose of promoting the use of advanced telecommunications and technology to provide enhanced educational opportunities to the communities of Ross and Pickaway Counties. The Council is operated under the direction of a Board of Directors consisting of one representative (the superintendent or another person appointed by the board of education) of each of the members. The Council possesses its own budgeting and taxing authority. To obtain financial information, write to the Ohio University-Chillicothe Campus, who acts as fiscal agent, at 571 West Fifth Street, Chillicothe, Ohio 45601.

NOTE 17 –INSURANCE PURCHASING POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Ross County School Employees Insurance Consortium

The Ross County School Employees Insurance Consortium (the "Consortium"), a shared risk pool, currently operates to provide medical and dental insurance coverage to enrolled employees of the consortium members and to eligible dependents of those enrolled employees. Seven school districts within Ross County and its surrounding area have entered into an agreement with the Ross-Pike Educational Service District to form the Ross County School Employees Insurance Consortium. The overall objectives of the Consortium are to formulate and administer a program of medical and dental insurance for the benefit of the Consortium members' employees and their dependents, to obtain lower costs for insurance coverage, and to secure cost control by implementing a program of comprehensive loss control. The Consortium's business and affairs are managed by a Council consisting of one representative for each participating school. The participating school districts pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. The Consortium maintains a reserve in the amount of $232,986 that is held on behalf of the School District. This reserve is not reported on the School District's financial statements. If the School District were to leave the Consortium, the School District might receive a portion of this reserve held on their behalf depending on how long they have.

NOTE 17 –INSURANCE PURCHASING POOLS (Continued)

participated in the Consortium. This reserve may also be used to pay run-out claims and other costs before the District would receive any monies. Accordingly, the Ross County School Employees Insurance Consortium is not part of the School District and its operations are not included as part of the reporting entity. To obtain financial information, write to the Ross-Pike Educational Service District, Erin Kirby who serves as Treasurer, at 475 Western Avenue, Chillicothe, Ohio 45601.

Ohio School Plan

The School District participates in the Ohio School Plan (Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The District only uses the Ohio School Plan to secure bonding for employees of the District. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen-member board consisting of superintendents, treasurers, a member of the Harcum-Schuett Insurance Agency, Inc., and a member of the Hylant Group, Inc. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Schuett Insurance Agency serves as the sales and marketing representative which established agreements between the Plan and its members. Financial information can be obtained from the Harcum-Schuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

NOTE 18 – INTERFUND ACTIVITY

Interfund Transfers

Transfers are made to move unrestricted balances to support programs and projects accounted for in other funds and for paying the H.B. 264 Debt. The Debt Retirement Nonmajor Fund received a transfer in the amount of $127,503 from the General Fund. District Managed Funds also received a transfer of $20,107 from the General Fund.

Interfund Advances

Interfund balances at June 30, 2021, consist of the following individual fund receivables and payables, which are expected to be repaid during the 2021 fiscal year:

Interfund Loans	Receivable	Payable
General Fund	$ 314,321	$ -
Nonmajor Special Revenue Funds:		
Pre-K Restoration	-	5,049
Scholarship		500
Student Activities	-	176
Title VI-B	-	19,439
Title II-A		14,003
Miscellaneous Federal Grants	-	1,325
ESSER	-	260,094
Title I	-	13,735
Total Nonmajor Special Revenue Funds	-	314,321
Total Other Governmental Funds	-	314,321
Total Interfund Receivables/Payables	$ 314,321	$ 314,321

The amounts due to the General fund are the result of the School District moving unrestricted monies to support grant funds whose grants operate on a reimbursement basis and also advanced monies to the debt service. The General fund will be reimbursed when funds become available in the non-major special revenue funds and the debt service fund.

NOTE 19 - CONTINGENCIES

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, 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.

Litigation

The School District is not currently party to any legal proceedings.

Foundation

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustment for fiscal year 2020 were finalized and determined to not be significant, therefore the adjustments were not recorded in the accompanying financial statements. Additional ODE adjustments for fiscal year 2021 have not been finalized.

NOTE 20 – FUND BALANCES

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

Fund Balances	General	Nonmajor Governmental Funds	Total Governmental Funds
Restricted for			
Other Purposes	$ -	$ 147,306	$ 147,306
Classroom Maintenance	-	187,257	187,257
Student Wellness & Success	-	236,841	236,841
Capital Projects	-	24,903	24,903
Debt Services Payments	-	156,705	156,705
Total Restricted	-	753,012	753,012
Committed to			
Termination Benefits	274,607	-	274,607
Assigned to			
Other Purposes	137,623	-	137,623
Total Assigned	137,623	-	137,623
Unassigned (Deficit)	7,074,399	(348,835)	6,725,564
Total Fund Balances	$ 7,486,629	$ 404,177	$ 7,890,806

NOTE 21 – COMMITMENTS

Encumbrances

At June 30, 2021, the School District had significant encumbrance commitments in the following governmental fund:

Fund	Amount
Major Fund:	
General	$139,844
Nonmajor Fund:	
ESSER	39,903
Classroom Facilities	46,743
Total Encumbrances	$226,490

NOTE 22 – NEW ACCOUNTING PRINCIPLES/RESTATEMENT OF NET POSITION/FUND BALANCES

For the fiscal year ended June 30, 2021, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities and related guidance from (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities.*

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. The District reviewed its private purpose trust and agency funds and all of these funds were reclassified as governmental funds. These fund reclassifications resulted in the restatement of the District's financial statements.

Restatement of Fund Balances and Net Position

The implementation of GASB Statement No. 84 had the following effect on net position as of June 30, 2020:

	Governmental Activities
Net Position, June 30, 2020	$11,241,054
Adjustments:	
GASB 84	39,118
Restated Net Position, June 30, 2020	$11,280,172

The implementation of GASB Statement No. 84 had the following effect on fund balance as of June 30, 2020:

	Governmental Funds		
	General Fund	All Other Governmental Funds	Total Governmental Funds
Fund Balances, June 30, 2020	$6,499,186	$547,370	$7,046,556
Adjustments:			
GASB 84	176	38,942	39,118
Restated Fund Balances, June 30, 2020	$6,499,362	$586,312	$7,085,674

NOTE 22 – NEW ACCOUNTING PRINCIPLES/RESTATEMENT OF NET POSITION/FUND BALANCES (continued)

Due to the implementation of GASB Statement No. 84, the District will no longer be reporting private purpose trust and agency funds. At June 30, 2020, the District previously reported private purpose trust fund net position of $1,500 and agency funds' assets and liabilities of $37,618. Due to the reclassification of these funds, no balances were reported as of June 30, 2021.

NOTE 23 – OTHER MATTERS OF POTENTIAL SIGNIFICANCE

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

The School District's investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

This Page Intentionally Left Blank.

Adena 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 Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014
Total plan pension liability	$ 21,033,809,319	$ 20,527,251,448	$ 19,997,700,966	$ 19,588,417,687	$ 19,770,708,121	$ 18,503,280,961	$ 17,881,827,171	$ 17,247,161,078
Plan net position	14,419,598,627	14,544,076,104	14,270,515,748	13,613,638,590	12,451,630,823	12,797,184,030	12,820,884,107	11,300,482,029
Net pension liability	6,614,210,692	5,983,175,344	5,727,185,218	5,974,779,097	7,319,077,298	5,706,096,931	5,060,943,064	5,946,679,049
School District's proportion of the net pension liability	0.0492421%	0.0482967%	0.0481994%	0.0509768%	0.0531813%	0.0555530%	0.0505370%	0.0505370%
School District's proportionate share of the net pension liability	$ 3,256,976	$ 2,889,676	$ 2,760,469	$ 3,045,751	$ 3,892,380	$ 3,169,908	$ 2,557,649	$ 3,005,273
School District's covered payroll	$ 1,726,321	$ 1,803,807	$ 1,607,659	$ 1,652,650	$ 1,651,614	$ 1,672,382	$ 1,468,514	$ 1,704,870
School District's proportionate share of the net pension liability as a percentage of its covered payroll	188.67%	160.20%	171.71%	184.29%	235.67%	189.54%	174.17%	176.28%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

Amouns presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Adena 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 Years (1)

	2021	2020	2019	2018	2017	2016	2015	2014
Total plan pension liability	$ 98,672,288,072	$ 97,840,944,397	$ 96,904,056,552	$ 96,126,440,462	$ 100,756,422,489	$ 99,014,653,744	$ 96,167,057,104	$ 94,366,693,720
Plan net position	74,475,846,279	75,726,545,352	74,916,301,830	72,371,226,119	67,283,408,184	71,377,578,736	71,843,596,331	65,392,746,348
Net pension liability	24,196,441,793	22,114,399,045	21,987,754,722	23,755,214,343	33,473,014,305	27,637,075,008	24,323,460,773	28,973,947,372
School District's proportion of the net pension liability	0.04299106%	0.04278455%	0.04344194%	0.04371560%	0.04374721%	0.04410304%	0.04533599%	0.04533599%
School District's proportionate share of the net pension liability	$ 10,402,307	$ 9,461,546	$ 9,551,907	$ 10,384,734	$ 14,643,510	$ 12,188,790	$ 11,027,282	$ 13,135,626
School District's covered payroll	$ 5,188,350	$ 5,130,429	$ 4,938,614	$ 4,805,993	$ 4,603,050	$ 4,601,414	$ 4,632,231	$ 4,856,469
School District's proportionate share of the net pension liability as a percentage of its covered payroll	200.49%	184.42%	193.41%	216.08%	318.13%	264.89%	238.06%	270.48%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.29%	66.80%	72.09%	74.71%	69.30%

(1) Information prior to 2014 is not available.

Amouns presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Adena Local School District

Required Supplementary Information

Schedule of School District Pension Contributions

School Employees Retirement System of Ohio

Last Ten Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 245,886	$ 241,685	$ 243,514	$ 217,034	$ 231,371	$ 231,226	$ 220,420	$ 203,536	$ 235,954	$ 188,256
Contributions in relation to the contractually required contribution	(245,886)	(241,685)	(243,514)	(217,034)	(231,371)	(231,226)	(220,420)	(203,536)	(235,954)	(188,256)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's covered payroll	$ 1,756,329	$ 1,726,321	$ 1,803,807	$ 1,607,659	$ 1,652,650	$ 1,651,614	$ 1,672,382	$ 1,468,514	$ 1,704,870	$ 1,399,673
Contributions as a percentage of covered payroll	13.67%	13.50%	13.50%	14.00%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

See accompanying notes to the required supplementary information.

Adena Local School District

Required Supplementary Information

Schedule of School District Pension Contributions

State Teachers Retirement System of Ohio

Last Ten Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	$ 770,441	$ 726,369	$ 718,260	$ 691,406	$ 672,839	$ 644,427	$ 644,198	$ 602,190	$ 631,341	$ 630,814
Contributions in relation to the contractually required contribution	(706,224)	(726,369)	(718,260)	(691,406)	(672,839)	(644,427)	(644,198)	(602,190)	(631,341)	(630,814)
Contribution deficiency (excess)	$ 64,217	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District covered payroll	$ 5,503,150	$ 5,188,350	$ 5,130,429	$ 4,938,614	$ 4,805,993	$ 4,603,050	$ 4,601,414	$ 4,632,231	$ 4,856,469	$ 4,852,415
Contributions as a percentage of covered payroll	12.83%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

Adena 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 Years (1)

	2021	2020	2019	2018	2017
Total plan OPEB liability	$ 2,655,938,750	$ 2,978,600,373	$ 3,209,899,769	$ 3,065,846,821	$ 3,220,574,434
Plan net position	482,611,478	463,810,679	435,629,637	382,109,560	370,204,515
Net OPEB liability	2,173,327,272	2,514,789,694	2,774,270,132	2,683,737,261	2,850,369,919
School District's proportion of the net OPEB liability	0.0512011%	0.0495222%	0.0489091%	0.0515982%	0.0538554%
School District's proportionate share of the net OPEB liability	$ 1,112,767	$ 1,245,379	$ 1,356,871	$ 1,384,760	$ 1,535,079
School District's covered payroll	$ 1,726,321	$ 1,803,807	$ 1,607,659	$ 1,652,650	$ 1,651,614
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	64.46%	69.04%	84.40%	83.79%	92.94%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.
Amounts presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to the required supplementary information.

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

	2021	2020	2019	2018	2017
Total plan OPEB liability	$ 2,139,798,000	$ 2,215,918,000	$ 2,114,451,000	$ 7,377,410,000	$ 8,533,654,000
Plan net position	3,897,296,000	3,872,158,000	3,721,349,000	3,475,779,000	3,185,628,000
Net OPEB liability (asset)	(1,757,498,000)	(1,656,240,000)	(1,606,898,000)	3,901,631,000	5,348,026,000
School District's proportion of the net OPEB liability (asset)	0.04299106%	0.04278455%	0.04344194%	0.04371560%	0.04374721%
School District's proportionate share of the net OPEB liability (asset)	$ (755,567)	$ (708,615)	$ (698,068)	$ 1,705,621	$ 2,339,612
School District's covered payroll	$ 5,188,350	$ 5,130,429	$ 4,938,614	$ 4,805,993	$ 4,603,050
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-14.56%	-13.81%	-14.13%	35.49%	50.83%
Plan fiduciary net position as a percentage of the total OPEB liability	182.13%	174.74%	176.00%	47.11%	37.33%

(1) Information prior to 2017 is not available.
Amounts presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to the required supplementary information.

Adena Local School District
Required Supplementary Information
Schedule of School District OPEB Contributions
School Employees Retirement System of Ohio
Last Six Years (1)

	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 34,319	$ 33,378	$ 39,371	$ 34,506	$ 27,514	$ 27,088
Contributions in relation to the contractually required contribution	(34,319)	(33,378)	(39,371)	(34,506)	(27,514)	(27,088)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
School District's covered payroll	$ 1,798,121	$ 1,726,321	$ 1,803,807	$ 1,607,659	$ 1,652,650	$ 1,651,614
Contributions as a percentage of covered payroll	1.91%	1.93%	2.18%	2.15%	1.66%	1.64%

(1) Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Adena Local School District
Required Supplementary Information
Schedule of School District OPEB Contributions
State Teachers Retirement System of Ohio
Last Six Years (1)

	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
School District covered payroll	$ 5,503,150	$ 5,188,350	$ 5,130,429	$ 4,938,614	$ 4,805,993	$ 4,603,050
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Pension

School Employees Retirement System (SERS)

Changes in benefit terms

2020-2021: There were no changes in benefit terms from the amounts reported for this fiscal year.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changed in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in assumptions

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
(2) Payroll growth assumption was reduced from 4.00% to 3.50%,
(3) Assumed real wage growth was reduced from 0.75% to 0.50%,
(4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
(5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
(6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
(7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
(8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

State Teachers Retirement System (STRS)

Changes in benefit terms

2019-2021: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in assumptions

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Pension (continued)

State Teachers Retirement System (STRS) (continued)

Changes in assumptions (continued)

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) The long term expected rate of return was reduced from 7.75% to 7.45%,
(2) The inflation assumption was lowered from 2.75% to 2.50%,
(3) The payroll growth assumption was lowered to 3.00%,
(4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
(5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
(6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

OPEB

School Employees Retirement System (SERS)

Changes in benefit terms

2017-2021: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in assumptions

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) The discount rate was changed from 3.22% to 2.63%
(2) Municipal Bond Index Rate:
Prior Measurement Date 3.13%
Measurement Date 2.45%

2020: The discount rate was changed from 3.70% to 3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) The discount rate was changed from 3.63% to 3.70%
(2) Municipal Bond Index Rate:
Prior Measurement Date 3.56%
Measurement Date 3.62%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
Prior Measurement Date 3.63%
Measurement Date 3.70%

OPEB

School Employees Retirement System (SERS)

Changes in assumptions (continued)

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:
Fiscal Year 2018 3.63%
Fiscal Year 2017 2.98%

(2) Municipal Bond Index Rate:
Fiscal Year 2018 3.56%
Fiscal Year 2017 2.92%

(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
Fiscal Year 2018 3.63%
Fiscal Year 2017 2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

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

State Teachers Retirement System (STRS)

Changes in benefit terms

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected FYE 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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% to 1.984% 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% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

State Teachers Retirement System (STRS)

Changes in benefit terms (continued)

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% 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. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive $29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to $0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

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 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in assumptions

2020-2021: There were no changes in assumptions since the prior measurement date of June 30, 2018.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

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 to7.45 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.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

ADENA LOCAL SCHOOL DISTRICT
ROSS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR *Pass Through Grantor* **Program / Cluster Title**	**Award Listing Number**	**Pass Through Entity Identifying Number**	**Provided Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education				
Child Nutrition Cluster:				
Non-Cash Assistance:				
National School Lunch Program	10.555	3L60		40,050
Cash Assistance:				
National School Lunch Program	10.555	3L60		187,785
COVID 19 National School Lunch Program	10.555	3L60		132,547
Total - School Lunch Program				360,382
National School Breakfast Program	10.553	3L70		63,949
COVID 19 National School Breakfast Program	10.553	3L70		84,911
Total - School Breakfast Program				148,860
Total Child Nutrition Cluster				**509,242**
Total U.S. Department of Agriculture				**509,242**
U.S. DEPARTMENT OF TREASURY				
Passed through Ohio Department of Education:				
COVID 19 Coronavirus Relief Fund-Rural and Small Town SD	21.019	5CV1		64,305
COVID 19 Coronavirus Relief Fund-BroadbandOhio Connectivit	21.019	5CV1		20,000
Total Passed through Ohio Department of Education:				84,305
Passed through Village of Franfort:				
CARES ACT	21.019			30,000
Passed through United Way of Ross County:				
CARES ACT	21.019			32,829
Passed through State Library:				
CARES ACT	21.019			3,000
Total Coronavirus Relief Fund				**150,134**
Total U.S. Department of Treasury				**150,134**
U.S. DEPARTMENT OF EDUCATION				
Passed through Ohio Department of Education:				
Title I				
Title I - FY 21	84.010	3M00		207,879
Title I - FY 20	84.010	3M00		31,634
Total Title I				**239,513**
Special Education Cluster:				
Special Education Grants to States				
IDEA Part B - FY 21	84.027	3M20		260,942
IDEA Part B - FY 20	84.027	3M20		16,131
Total IDEA Part B				277,073
Preschool Restoration FY 21	84.173	3C50		2,065
Special Education - Preschool	84.173	n/a	4,590	
Total Preschool Early Childhood			4,590	2,065
Total Special Education Cluster			**4,590**	**279,138**
Title II -A Improving Teacher Quality - FY 21	84.367	3Y60		27,158
Title II-A Improving Teacher Quality - FY 20	84.367	3Y60		4,282
Total Title II-A Improving Teacher Quality				**31,440**
Title IV-A-Student Support & Academic Enrichment FY 21	84.424	3HI0		16,621
Title IV-A-Student Support & Academic Enrichment FY 20	84.424	3HI0		42
Total Title IV-A-Student Support & Academic Enrichment				**16,663**
COVID 19 - Education Stabilization Fund FY21	84.425D	3HS0		198,430
COVID 19 - Education Stabilization Fund FY22	84.425D	3HS0		216,735
Total Education Stablization Fund				**415,165**
Total U.S. Department of Education				**981,919**
Total Expenditures of Federal Awards			**4,590**	**$1,641,295**

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2021

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Adena Local School District (the School District) under programs of the federal government for the year ended JUNE 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

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

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

NOTE E - CHILD NUTRITION CLUSTER

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

NOTE F - FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Adena Local School District
Ross County
3367 County Road 550
Frankfort, Ohio 45628

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Adena Local School District, Ross County, (the School District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated July 19, 2022. We noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District. We also noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement 84, *Fiduciary Activities*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the School 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 School 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 School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio
July 19, 2022

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Adena Local School District
Ross County
3367 County Road 550
Frankfort, Ohio 45628

To the Board of Education:

Report on Compliance for each Major Federal Program

We have audited Adena Local School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Adena Local School District's major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, Adena Local School School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio
July 19, 2022

ADENA LOCAL SCHOOL DISTRICT
ROSS COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	AL# 84.425D ESSER AL# 10.555 and 10.553 Child Nutrition Cluster
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE
KEITH FABER

ADENA LOCAL SCHOOL DISTRICT

ROSS 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 8/2/2022

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