



OHIO AUDITOR OF STATE
KEITH FABER



**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY
JUNE 30, 2021**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis	15
Statement of Activities – Cash Basis	16
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances	
Governmental Funds	17
Reconciliation of Total Governmental Fund Balances to	
Net Cash Position of Governmental Activities	18
Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Basis Fund Balances	
Governmental Funds	19
Reconciliation of the Statement of Cash Receipts, Cash Disbursements,	
and Changes in Fund Cash Balances of Governmental Funds	
to the Statement of Activities	20
Statement of Cash Receipts, Cash Disbursements, and Change in	
Cash Basis Fund Balance - Budget and Actual (Budget Basis)	
General Fund	21
Classroom Facilities Maintenance Fund	22
ESSER Fund	23
School Wide Building Program Fund	24
Statement of Fund Net Position – Cash Basis	
Proprietary Fund	25
Statement of Cash Receipts, Cash Disbursements, and Changes in Net Cash Position	
Proprietary Fund	26
Notes to the Basic Financial Statements	27

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY
JUNE 30, 2021**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability – Last Eight Fiscal Years	60
Schedule of the District's Contributions for Pension – Last Ten Years	62
Schedule of the District's Proportionate Share of Other Postemployment Benefits Liability – Last Five Fiscal Years.....	64
Schedule of the District's Contributions for Other Postemployment Benefits – Last Five Fiscal Years.....	65
Notes to Required Supplementary Information	66
Schedule of Expenditures of Federal Awards	71
Notes to the Schedule of Expenditures of Federal Awards.....	72
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	75
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	77
Schedule of Findings.....	79
Prepared by Management:	
Summary Schedule of Prior Audit Findings	81
Corrective Action Plan	82



INDEPENDENT AUDITOR'S REPORT

Alexander Local School District
Athens County
6091 Ayers Road
Athens, Ohio 45710

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alexander Local School District, Athens County, Ohio (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Classroom Facilities Maintenance, ESSER, and School Wide Building Program Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

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

Other Matters

Supplementary Information

Our audit was conducted to opine on the 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 Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

We applied no procedures to management's discussion & analysis and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions as listed in the Table of Contents. Accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 7, 2022

This page intentionally left blank.

ALEXANDER LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)*

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

Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- < The net position of the District at June 30, 2021 is \$8,108,594. This balance was comprised of a \$2,502,011 balance in net position amounts restricted for specific purposes and a balance of \$5,606,583 in unrestricted net position.
- < In total, net position of governmental activities increased by \$2,082,813, which represents a 34.57 percent increase from 2020.
- < General receipts accounted for \$19,256,050 or 80.40 percent of all receipts. Program specific receipts in the form of charges for services and sales, grants and contributions accounted for \$4,695,327 or 19.60 percent of total receipts of \$23,951,377.
- < The District had \$21,868,564 in disbursements related to governmental activities; \$4,695,327 of these disbursements were offset by program specific charges for services and sales, grants or contributions. General receipts (primarily taxes and grants and entitlements) of \$19,256,050 were used to provide for the remainder of these programs.
- < The District recognizes four major governmental funds: the General, Classroom Facilities Maintenance, ESSER, and School Wide Building Program Funds. In terms of dollars received and spent, the General Fund is larger than any of the other funds of the District. The General Fund had \$20,285,841 in receipts and \$13,087,865 in disbursements in fiscal year 2021.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

ALEXANDER LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

(Unaudited)

Reporting the District as a Whole

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. These statements include assets using the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. This basis of accounting takes into account all of the current year's receipts and disbursements based on when cash is received or paid.

The Statement of Net Position presents information on the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position are important because they serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting receipts growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the District's goal is to provide services to our students, not to generate profits as commercial entities do.

The Statement of Activities presents information showing how the government's net position changed during the recent fiscal year. All changes in net position are reported as cash received or paid. Thus, receipts and disbursements are reported in this statement for some items that will only result in cash flows in the current fiscal period.

In both of the government-wide financial statements, the District activities are shown as governmental activities. All of the District's programs and services are reported here including instructional services, support services, operation of non-instructional services, and extracurricular activities. These services are funded primarily by taxes, tuition and fees, and intergovernmental receipts including federal and state grants and other shared receipts.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General, Classroom Facilities Maintenance, ESSER, and School Wide Building Program Funds.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into one of two categories: governmental and proprietary funds.

ALEXANDER LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)*

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on inflows and outflows of spendable cash, as well as on balances of spendable cash available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements. These funds are reported using an accounting method called the cash basis of accounting.

Proprietary Funds

The District maintains one proprietary fund, which is an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions of the workers compensation program.

Notes to the Basic Financial Statements

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

Government-Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the District as a whole, showing assets, liabilities, and the difference between them (net position). Table 1 provides a summary of the District's net position for fiscal year 2021 compared to fiscal year 2020:

Table 1
Net Position at Year End

	Governmental Activities	
	2021	2020
<u>Assets:</u>		
Cash and Cash Equivalents	\$ 8,108,594	\$ 6,025,781
<i>Total Assets</i>	<u>8,108,594</u>	<u>6,025,781</u>
<u>Net Position:</u>		
Restricted	2,502,011	2,270,378
Unrestricted	5,606,583	3,755,403
<i>Total Net Position</i>	<u>\$8,108,594</u>	<u>\$6,025,781</u>

ALEXANDER LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)*

Cash and cash equivalents increased \$2,082,813 from fiscal year 2020 due to increases in operating grants and income tax receipts.

The District's largest portion of net position is unrestricted assets. This net position represents resources that may be used to meet the District's ongoing obligations to its students and creditors.

The remaining balance of \$2,502,011 is restricted net position. The restricted net position is subject to external restrictions on how they may be used.

Table 2 shows the changes in net position for fiscal year 2021 and comparisons to fiscal year 2020.

Table 2
Changes in Net Position

	Governmental Activities	
	<u>2021</u>	<u>2020</u>
<u>Receipts:</u>		
<i>Program Receipts:</i>		
Charges for Services and Sales	\$1,718,050	\$1,871,849
Operating Grants and Contributions	2,977,277	2,148,347
<i>General Receipts:</i>		
Property Taxes	7,237,535	6,732,922
Income Taxes	1,334,786	185,672
Unrestricted Grants and Entitlements	10,322,001	10,187,400
Investment Earnings	11,443	87,357
Proceeds from the Sale of Capital Assets	2,246	4,004
Miscellaneous	348,039	209,456
<i>Total Receipts</i>	<u>23,951,377</u>	<u>21,427,007</u>

(Continued)

ALEXANDER LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Table 2
Changes in Net Position

	Governmental Activities	
	<u>2021</u>	<u>2020</u>
<u>Disbursements:</u>		
<i>Program Disbursements:</i>		
<i>Instruction:</i>		
Regular	\$8,384,561	\$7,898,951
Special	2,511,156	2,530,140
Vocational	165,959	182,625
Student Intervention Services	42,928	42,928
Other	1,673,818	1,621,153
<i>Support Services:</i>		
Pupils	1,438,481	1,481,272
Instructional Staff	356,800	276,378
Board of Education	97,466	83,410
Administration	1,346,177	1,355,753
Fiscal	539,481	531,797
Operation and Maintenance of Plant	1,512,012	1,444,046
Pupil Transportation	1,419,355	1,262,571
Central	241,643	263,852
<i>Operation of Non-Instructional Services</i>		
Food Service	689,143	744,166
Other	108,004	6,137
Extracurricular Activities	483,548	522,915
Capital Outlay	112,691	678,938
Principal Retirement	640,000	620,000
Interest and Fiscal Charges	105,341	123,603
<i>Total Disbursements</i>	<u>21,868,564</u>	<u>21,670,635</u>
<i>Change in Net Position</i>	2,082,813	(243,628)
Net Position at Beginning of Year	<u>6,025,781</u>	<u>6,269,409</u>
Net Position at End of Year	<u>\$8,108,594</u>	<u>\$6,025,781</u>

ALEXANDER LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

(Unaudited)

The most significant program disbursements for the District are Regular Instruction, Special Instruction, Other Instruction, Operation and Maintenance of Plant, Pupils, Pupil Transportation and Administration. These programs account for 83.62 percent of the total governmental activities. Regular Instruction, which accounts for 38.34 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 11.48 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Other Instruction, which represents 7.65 percent of the total, represents costs associated with the instruction of students that cannot be defined as regular, special or vocational instruction. Operation and Maintenance of Plant, which represents 6.91 percent of the total, represents costs associated with the operating and maintaining the District's facilities. Pupils, which represents 6.58 percent of the total, represents costs associated with activities designed to assess and improve the well-being of pupils and supplement the teaching process. Pupil Transportation, which represents 6.49 percent of the total cost, represents costs associated with transporting students to and from school, as well as to activities. Administration, which represents 6.16 percent of the total, represents costs associated with the overall administration responsibility for each building and the District as a whole.

As noted previously, the net position for the governmental activities increased \$2,082,813 or 34.57 percent. This is a change from last year when net position decreased \$243,628 or 3.89 percent. Total receipts increased \$2,524,370 or 11.78 percent from last year and disbursements increased \$197,929 or 0.91 percent over last year.

The District had an increase in program receipts of \$675,131 and an increase in general receipts of \$1,849,239. The increase in program receipts is due to an increase in operating grants and contributions in fiscal year 2021. The increase in general receipts is primarily due to increases in property taxes received and income taxes during fiscal year 2021.

The total disbursements for governmental activities increased \$197,929 primarily as the result of increases in regular instruction in fiscal year 2021.

The majority of the funding for the most significant programs indicated above is from property taxes and grants and entitlements not restricted for specific programs. Property taxes and grants and entitlements not restricted for specific programs accounts for 73.31 percent of total receipts.

Governmental Activities

Over the past several fiscal years, the District has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The District is heavily dependent on property taxes and intergovernmental receipts and, like most Ohio schools, is hampered by a lack of receipts growth. Property taxes made up 30.22 percent and intergovernmental receipts made up 55.53 percent of the total receipts for the governmental activities in fiscal year 2021.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall receipts generated by a levy will not increase solely as a result of inflation. As an example, the District would receive from a home valued at \$100,000 and taxed at 1.0 mill, \$35.00 annually. If three years later the home were reappraised and the value increased to \$200,000 (and this increase in value is comparable to other property owners) the effective tax rate would become 0.5 mill and the District would still receive \$35.00 annually. Therefore, the District must regularly return to the voters to maintain a constant level of service.

ALEXANDER LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)*

The District's intergovernmental receipts consist of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2021, the District received \$9,461,141 through the State's foundation program, which represents 39.50 percent of the total receipts for the governmental activities. The District relies heavily on this state funding to operate at the current levels of service.

Instruction accounts for 58.43 percent of governmental program disbursements. Support services disbursements make up 31.79 percent of governmental disbursements. The statement of activities shows the cost of program services and charges for services and grants offsetting those services.

Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2021 and comparisons to fiscal year 2020. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements.

Table 3
Net Cost of Governmental Activities

	<u>Total Cost of Services</u> <u>2021</u>	<u>Net Cost of Services</u> <u>2021</u>	<u>Total Cost of Services</u> <u>2020</u>	<u>Net Cost of Services</u> <u>2020</u>
<i>Program Disbursements:</i>				
Instruction	\$12,778,422	\$9,572,415	\$12,275,797	\$9,400,420
Support Services	6,951,415	6,522,879	6,699,079	6,564,544
Operation of Non-Instructional Services	797,147	41,581	750,303	205,479
Extracurricular Activities	483,548	345,378	522,915	328,975
Capital Outlay	112,691	(54,357)	678,938	407,418
Principal Retirement	640,000	640,000	620,000	620,000
Interest and Fiscal Charges	105,341	105,341	123,603	123,603
Total Disbursements	<u>\$21,868,564</u>	<u>\$17,173,237</u>	<u>\$21,670,635</u>	<u>\$17,650,439</u>

ALEXANDER LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. (See Note 2 for discussion of significant accounting policies). All governmental funds had total receipts and other financing sources of \$28,888,112 and total disbursements and other financing uses of \$26,812,737.

Total governmental funds fund balance increased by \$2,075,375. The increase in fund balance for the year was most significant in the General Fund, where an increase of \$3,009,192 occurred as a result of an increase in receipts and a decrease in disbursements for fiscal year 2021. The fund balance in the Classroom Facilities Maintenance Fund increased \$148,223 due to receipts exceeding disbursements for fiscal year 2021. The ESSER Fund offset the increase with a decrease in fund balance of \$1,314,149 due to disbursements exceeding receipts. The fund balance in School Wide Building Program Fund increased \$72,275 due to transfers in exceeding disbursements.

The District should remain stable through fiscal year 2025. However, projections beyond fiscal year 2025 show the District may be unable to meet inflationary cost increases in the long-term without additional tax levies or a meaningful change in state funding of public schools as directed by the Ohio Supreme Court.

Budget Highlights - General Fund

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

During the course of fiscal year 2021, the District amended its General Fund budget several times. The District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisor's flexibility for site management. The District prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final budget basis receipts were \$19,985,507 representing a \$638,588 change from the original budget estimates of \$19,346,919. For the General Fund, the final budget basis disbursements were \$14,338,921 representing no change from the original budget estimates of \$14,338,921.

ALEXANDER LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)*

Debt Administration

At June 30, 2021 the District had \$3,005,000 in general obligation debt outstanding with \$640,000 due within one year. Table 4 summarizes bonds, notes and lease purchase agreement outstanding for fiscal year 2021 compared to fiscal year 2020.

Table 4
Outstanding Debt, Governmental Activities at Year End

Purpose	Governmental Activities	
	2021	2020
2017 Refunding Bonds	\$1,440,000	\$1,905,000
Energy Conservation Notes	\$385,000	\$475,000
Lease Purchase Agreement	1,180,000	1,265,000
Total	<u>\$3,005,000</u>	<u>\$3,645,000</u>

More detailed information pertaining to the District's long-term debt activity can be found in notes 12 and 13 of the notes to the basic financial statements.

Current Issues

Although considered a mid-wealth district, the District has remained financially stable over the past few years despite relatively little increases to operating revenues. As indicated in the preceding financial information, the District is dependent on property taxes. Property tax revenue does not increase solely as a result of inflation except for inside millage. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding to meet inflation. Careful financial planning has permitted the District to provide a quality education for our students. Although the District has continued to keep spending in line with revenues, this must continue if the District hopes to remain on firm financial footing. In May 2019, the District passed a 1% earned income tax for 5 years beginning January 1, 2020. The administration and Board will need to use the five-year forecast as a planning tool to avoid deficit spending.

State Budget:

Externally, the District is largely dependent on State and Federal funding sources (nearly 47 percent of the District's operating funds come from State foundation payments). State foundation revenue is fundamentally a function of student enrollment and a district's property tax wealth. The District has seen enrollment stay relatively flat in recent years with some slight decline. The District has not had an increase in State funding and has been on the "guarantee" since 2009.

ALEXANDER LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)*

Local Valuations:

New residential/agricultural real estate growth is expected to slow slightly as compared to prior years. However, the District did undergo a reappraisal in 2020 for Athens County, which added approximately 5% to residential/agricultural values for 2020. New construction added approximately 1.4% in residential/agricultural valuation for 2020. Valuation growth drives local tax collection growth. The next reappraisal for Meigs County will be in 2022 and Athens County in 2026.

Staffing & Negotiated Increases:

The Board ratified contracts with the certified staff covering the period from September 1, 2020 to August 31, 2021 and classified staff covering July 1, 2020 to June 30, 2021. Both agreements included no change to the base salary amounts. The Board has ratified a new contract with certified staff through August 31, 2024 and with classified staff through June 30, 2024. Both contracts include base salary increases of 3% in year one, and 2% increases in years two and three. The Board extended the same base salary increases to the other classified and administrative employees of the District.

Health Insurance:

Currently, all employers are faced with the challenge of increasing health insurance costs. Over the past five years, the District's increases in health insurance have averaged about 6%. There are a number of possible approaches to mitigate the large increases anticipated. A couple of these would include: reducing benefit levels, increasing co-pays and deductibles, or do nothing and absorb the increases in health insurance but consider reductions to projected base salary increases (for example, instead of a base salary increase of 2%, consider a lesser increase in lieu of maintaining current health insurance provisions).

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it received. If you have any questions about this report or need additional information contact Aaron Schirm, Treasurer of the Alexander Local School District, 6091 Ayers Road, Albany, Ohio 45710.

ALEXANDER LOCAL SCHOOL DISTRICT

Statement of Net Position - Cash Basis

June 30, 2021

	<u>Governmental Activities</u>
<u>Assets:</u>	
Equity in Pooled Cash and Cash Equivalents	<u>\$8,108,594</u>
<i>Total Assets</i>	<u><u>\$8,108,594</u></u>
<u>Net Position:</u>	
<i>Restricted for:</i>	
Debt Service	\$598,451
Other Purposes	1,903,560
Unrestricted	<u>5,606,583</u>
<i>Total Net Position</i>	<u><u>\$8,108,594</u></u>

See accompanying notes to the basic financial statements and accountant's report.

ALEXANDER LOCAL SCHOOL DISTRICT

Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2021

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<u>Governmental Activities:</u>				
<i>Instruction:</i>				
Regular	\$8,384,561	\$1,584,988	\$1,203,284	(\$5,596,289)
Special	2,511,156	0	417,735	(2,093,421)
Vocational	165,959	0	0	(165,959)
Student Intervention Services	42,928	0	0	(42,928)
Other	1,673,818	0	0	(1,673,818)
<i>Support Services:</i>				
Pupils	1,438,481	22	259,787	(1,178,672)
Instructional Staff	356,800	0	4,339	(352,461)
Board of Education	97,466	0	0	(97,466)
Administration	1,346,177	0	28,225	(1,317,952)
Fiscal	539,481	0	0	(539,481)
Operation and Maintenance of Plant	1,512,012	0	81,244	(1,430,768)
Pupil Transportation	1,419,355	0	51,319	(1,368,036)
Central	241,643	0	3,600	(238,043)
<i>Operation of Non-Instructional Services:</i>				
Food Service	689,143	20,406	735,160	66,423
Other	108,004	0	0	(108,004)
Extracurricular Activities	483,548	112,634	25,536	(345,378)
Capital Outlay	112,691	0	167,048	54,357
<i>Debt Service:</i>				
Principal Retirement	640,000	0	0	(640,000)
Interest and Fiscal Charges	105,341	0	0	(105,341)
Total Governmental Activities	\$21,868,564	\$1,718,050	\$2,977,277	(17,173,237)
 <u>General Receipts:</u>				
<i>Property Taxes Levied for:</i>				
General Purposes				6,777,253
Debt Service				359,031
Capital Outlay				101,251
Income Taxes				1,334,786
Grants and Entitlements not Restricted to Specific Programs				10,322,001
Investment Earnings				11,443
Proceeds from the Sale of Capital Assets				2,246
Miscellaneous				348,039
Total General Receipts				19,256,050
Change in Net Position				2,082,813
Net Position at Beginning of Year				6,025,781
Net Position at End of Year				\$8,108,594

See accompanying notes to the basic financial statements and accountant's report.

ALEXANDER LOCAL SCHOOL DISTRICT
Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2021

	General	Classroom Facilities Maintenance	ESSER	School Wide Building Program	All Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>						
Equity in Pooled Cash and Cash Equivalents	\$5,448,114	\$1,540,145	\$0	\$0	\$1,084,710	\$8,072,969
Interfund Receivable	1,633,307	0	0	0	0	1,633,307
<i>Total Assets</i>	<u>\$7,081,421</u>	<u>\$1,540,145</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,084,710</u>	<u>\$9,706,276</u>
<u>Liabilities:</u>						
Interfund Payable	\$0	\$0	\$1,314,149	\$319,158	\$0	\$1,633,307
<i>Total Liabilities</i>	<u>0</u>	<u>0</u>	<u>1,314,149</u>	<u>319,158</u>	<u>0</u>	<u>1,633,307</u>
<u>Fund Balances:</u>						
Nonspendable	1,503	0	0	0	0	1,503
Restricted	0	1,540,145	0	0	1,110,826	2,650,971
Assigned	370,213	0	0	0	0	370,213
Unassigned	6,709,705	0	(1,314,149)	(319,158)	(26,116)	5,050,282
<i>Total Fund Balances</i>	<u>7,081,421</u>	<u>1,540,145</u>	<u>(1,314,149)</u>	<u>(319,158)</u>	<u>1,084,710</u>	<u>8,072,969</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$7,081,421</u>	<u>\$1,540,145</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,084,710</u>	<u>\$9,706,276</u>

See accompanying notes to the basic financial statements and accountant's report.

ALEXANDER LOCAL SCHOOL DISTRICT
*Reconciliation of Total Governmental Fund Cash Balances to
Net Cash Position of Governmental Activities
June 30, 2021*

Total Governmental Fund Cash Balances \$8,072,969

*Amounts reported for governmental activities in the
Statement of Net Position are different because:*

An internal service fund is used by management to charge the costs of insurance to individual funds. The assets of the internal service fund are included in governmental activities in the Statement of Net Position.

35,625

Net Cash Position of Governmental Activities

\$8,108,594

See accompanying notes to the basic financial statements and accountant's report.

ALEXANDER LOCAL SCHOOL DISTRICT
Statement of Cash Receipts, Cash Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Classroom Facilities Maintenance	ESSER	School Wide Building Program	All Other Governmental Funds	Total Governmental Funds
<u>Receipts:</u>						
Property Taxes	\$6,777,253	\$101,251	\$0	\$0	\$359,031	\$7,237,535
Income Tax	1,334,786	0	0	0	0	1,334,786
Intergovernmental	10,236,728	49,312	331,888	0	2,650,996	13,268,924
Interest	11,443	0	0	0	0	11,443
Tuition and Fees	1,533,088	0	0	0	0	1,533,088
Rent	51,900	0	0	0	0	51,900
Extracurricular Activities	62	0	0	0	112,594	112,656
Charges for Services	0	0	0	0	20,406	20,406
Gifts and Donations	4,818	0	0	0	25,536	30,354
Miscellaneous	335,763	0	0	0	12,276	348,039
Total Receipts	20,285,841	150,563	331,888	0	3,180,839	23,949,131
<u>Disbursements:</u>						
<i>Current:</i>						
<i>Instruction:</i>						
Regular	3,656,318	0	1,264,519	3,174,585	296,577	8,391,999
Special	1,356,067	0	0	901,355	253,734	2,511,156
Vocational	165,959	0	0	0	0	165,959
Student Intervention Services	42,928	0	0	0	0	42,928
Other	1,609,018	0	0	64,800	0	1,673,818
<i>Support Services:</i>						
Pupils	1,042,997	0	26,680	202,464	166,340	1,438,481
Instructional Staff	290,543	0	63,558	351	2,348	356,800
Board of Education	94,073	0	3,393	0	0	97,466
Administration	958,372	298	0	365,255	22,252	1,346,177
Fiscal	529,959	2,042	0	0	7,480	539,481
Operation and Maintenance of Plant	1,288,606	0	148,038	0	75,368	1,512,012
Pupil Transportation	1,338,651	0	75,244	0	5,460	1,419,355
Central	238,043	0	0	0	3,600	241,643
Operation of Non-Instructional Services	43,399	0	64,605	0	689,143	797,147
Extracurricular Activities	292,740	0	0	0	190,808	483,548
Capital Outlay	4,632	0	0	0	108,059	112,691
<i>Debt Service:</i>						
Principal Retirement	85,000	0	0	0	555,000	640,000
Interest and Fiscal Charges	50,560	0	0	0	54,781	105,341
Total Disbursements	13,087,865	2,340	1,646,037	4,708,810	2,430,950	21,876,002
Excess of Receipts Over (Under) Disbursements	7,197,976	148,223	(1,314,149)	(4,708,810)	749,889	2,073,129
<u>Other Financing Sources (Uses):</u>						
Proceeds from the Sale of Capital Assets	2,246	0	0	0	0	2,246
Transfers In	0	0	0	4,781,085	155,650	4,936,735
Transfers Out	(4,191,030)	0	0	0	(745,705)	(4,936,735)
Total Other Financing Sources (Uses)	(4,188,784)	0	0	4,781,085	(590,055)	2,246
Net Change in Fund Balances	3,009,192	148,223	(1,314,149)	72,275	159,834	2,075,375
Fund Balances at Beginning of Year	4,072,229	1,391,922	0	(391,433)	924,876	5,997,594
Fund Balances at End of Year	\$7,081,421	\$1,540,145	(\$1,314,149)	(\$319,158)	\$1,084,710	\$8,072,969

See accompanying notes to the basic financial statements and accountant's report.

ALEXANDER LOCAL SCHOOL DISTRICT
*Reconciliation of the Statement of Cash Receipts, Cash Disbursements and Changes
in Fund Cash Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021*

Net Change in Fund Cash Balances - Total Governmental Funds \$2,075,375

*Amounts reported for governmental activities in the
Statement of Activities are different because:*

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide Statement of Activities. Governmental fund disbursements and the related internal service fund receipts are eliminated. The net receipts (disbursements) of the internal service fund is allocated among the governmental activities.

7,438

Change in Net Cash Position of Governmental Activities

\$2,082,813

See accompanying notes to the basic financial statements and accountant's report.

ALEXANDER LOCAL SCHOOL DISTRICT
*Statement of Cash Receipts, Cash Disbursements and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$6,555,148	\$6,618,535	\$6,777,253	\$158,718
Income Taxes	995,000	1,271,857	1,334,786	62,929
Intergovernmental	10,081,638	10,238,456	10,236,728	(1,728)
Interest	28,000	15,000	11,443	(3,557)
Tuition and Fees	1,478,961	1,510,332	1,531,588	21,256
Extracurricular Activities	0	0	40	40
Rent	53,550	53,550	51,900	(1,650)
Miscellaneous	154,622	277,777	332,603	54,826
<i>Total Receipts</i>	19,346,919	19,985,507	20,276,341	290,834
<u>Disbursements:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	4,354,958	4,457,354	3,664,094	793,260
Special	1,346,979	1,361,158	1,356,176	4,982
Vocational	191,616	195,741	168,959	26,782
Student Intervention Services	42,713	42,713	44,748	(2,035)
Other	1,596,073	1,741,107	1,609,018	132,089
<i>Support Services:</i>				
Pupils	1,180,268	974,871	1,039,388	(64,517)
Instructional Staff	276,334	302,350	368,673	(66,323)
Board of Education	91,262	102,571	100,073	2,498
Administration	967,549	941,397	960,079	(18,682)
Fiscal	536,851	537,751	532,714	5,037
Operation and Maintenance of Plant	1,431,371	1,412,445	1,370,264	42,181
Pupil Transportation	1,568,783	1,461,642	1,488,839	(27,197)
Central	264,431	266,883	241,437	25,446
Operation of Non-Instructional Services	1,459	59,402	43,399	16,003
Extracurricular Activities	337,237	335,957	292,740	43,217
Principal Retirement	83,200	85,000	85,000	0
Interest and Fiscal Charges	55,965	55,965	50,560	5,405
Capital Outlay	11,872	4,614	4,632	(18)
<i>Total Disbursements</i>	14,338,921	14,338,921	13,420,793	918,128
<i>Excess of Receipts Over (Under) Disbursements</i>	5,007,998	5,646,586	6,855,548	1,208,962
<u>Other Financing Sources (Uses):</u>				
Proceeds from the Sale of Capital Assets	3,307	3,307	2,246	(1,061)
Transfers Out	(4,525,876)	(4,525,876)	(4,191,030)	334,846
<i>Total Other Financing Sources (Uses)</i>	(4,522,569)	(4,522,569)	(4,188,784)	333,785
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</i>	485,429	1,124,017	2,666,764	1,542,747
Fund Balance at Beginning of Year	3,757,156	3,757,156	3,757,156	0
Prior Year Encumbrances Appropriated	285,784	285,784	285,784	0
Fund Balance at End of Year	\$4,528,369	\$5,166,957	\$6,709,704	\$1,542,747

See accompanying notes to the basic financial statements and accountant's report.

ALEXANDER LOCAL SCHOOL DISTRICT
*Statement of Cash Receipts, Cash Disbursements and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)
Classroom Facilities Maintenance Fund
For the Fiscal Year Ended June 30, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts:</u>				
Property Taxes	\$95,289	\$95,289	\$101,251	\$5,962
Intergovernmental	47,849	47,849	49,312	1,463
<i>Total Receipts</i>	143,138	143,138	150,563	7,425
<u>Disbursements:</u>				
<i>Current:</i>				
<i>Support Services:</i>				
Administration	338	338	298	40
Fiscal	1,969	1,969	2,042	(73)
Operation and Maintenance of Plant	25,000	25,000	6,430	18,570
<i>Total Disbursements</i>	27,307	27,307	8,770	18,537
<i>Excess of Receipts Over (Under) Disbursements</i>	115,831	115,831	141,793	25,962
Fund Balance at Beginning of Year	1,391,922	1,391,922	1,391,922	0
Fund Balance at End of Year	\$1,507,753	\$1,507,753	\$1,533,715	\$25,962

See accompanying notes to the basic financial statements and accountant's report.

ALEXANDER LOCAL SCHOOL DISTRICT
*Statement of Cash Receipts, Cash Disbursements and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)
ESSER Fund
For the Fiscal Year Ended June 30, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts:</u>				
Intergovernmental	\$422,705	\$2,090,312	\$331,888	(\$1,758,424)
<i>Total Receipts</i>	<u>422,705</u>	<u>2,090,312</u>	<u>331,888</u>	<u>(1,758,424)</u>
<u>Disbursements:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	352,705	1,337,405	1,452,916	(115,511)
<i>Support Services:</i>				
Pupils	0	0	26,680	(26,680)
Instructional Staff	0	0	63,558	(63,558)
Board of Education	0	0	3,393	(3,393)
Operation and Maintenance of Plant	70,000	752,907	152,308	600,599
Pupil Transportation	0	0	75,244	(75,244)
Operation of Non-Instructional Services	<u>0</u>	<u>0</u>	<u>64,605</u>	<u>(64,605)</u>
<i>Total Disbursements</i>	<u>422,705</u>	<u>2,090,312</u>	<u>1,838,704</u>	<u>251,608</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	0	0	(1,506,816)	(1,506,816)
Fund Balance at Beginning of Year	(109,785)	(109,785)	(109,785)	0
Prior Year Encumbrances Appropriated	<u>109,785</u>	<u>109,785</u>	<u>109,785</u>	<u>0</u>
Fund Balance at End of Year	<u>\$0</u>	<u>\$0</u>	<u>(\$1,506,816)</u>	<u>(\$1,506,816)</u>

See accompanying notes to the basic financial statements and accountant's report.

ALEXANDER LOCAL SCHOOL DISTRICT
*Statement of Cash Receipts, Cash Disbursements, and Changes
in Cash Basis Fund Balance - Budget and Actual (Budget Basis)
School Wide Building Program Fund
For the Fiscal Year Ended June 30, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts</u>	\$0	\$0	\$0	\$0
<u>Disbursements:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	3,350,059	3,143,963	3,174,585	(30,622)
Special	960,324	912,554	901,355	11,199
Other	65,948	75,973	64,800	11,173
<i>Support Services:</i>				
Pupils	232,606	208,479	202,464	6,015
Instructional Staff	0	1,500	351	1,149
Administration	367,541	366,341	365,255	1,086
<i>Total Disbursements</i>	4,976,478	4,708,810	4,708,810	0
<i>Excess of Receipts Over (Under) Disbursements</i>	(4,976,478)	(4,708,810)	(4,708,810)	0
<u>Other Financing Sources:</u>				
Transfers In	5,367,978	5,100,243	4,781,085	(319,158)
<i>Total Other Financing Sources</i>	5,367,978	5,100,243	4,781,085	(319,158)
<i>Excess of Receipts and Other Financing Sources Over (Under) Disbursements</i>	391,500	391,433	72,275	(319,158)
<i>Fund Balance at Beginning of Year</i>	(391,433)	(391,433)	(391,433)	0
<i>Fund Balance at End of Year</i>	\$67	\$0	(\$319,158)	(\$319,158)

See accompanying notes to the basic financial statements and accountant's report.

ALEXANDER LOCAL SCHOOL DISTRICT

Statement of Net Position - Cash Basis

Proprietary Fund

June 30, 2021

	<u>Governmental Activities</u> <u>Internal Service</u>
<u>Cash Assets:</u>	
<i>Current Cash Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	<u>\$35,625</u>
<i>Total Cash Assets</i>	<u><u>\$35,625</u></u>
<u>Net Cash Position:</u>	
Unrestricted	<u>\$35,625</u>
<i>Total Net Cash Position</i>	<u><u>\$35,625</u></u>

See accompanying notes to the basic financial statements and accountant's report.

ALEXANDER LOCAL SCHOOL DISTRICT
*Statement of Cash Receipts, Cash
Disbursements and Changes in Net Cash Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2021*

	Governmental Activities
	Internal Service
<u>Operating Cash Receipts</u>	
Other Revenues	\$35,700
<u>Operating Cash Disbursements:</u>	
Other	28,262
<i>Total Operating Cash Disbursements</i>	28,262
<i>Operating Loss</i>	7,438
<i>Net Cash Position at Beginning of Year</i>	28,187
<i>Net Cash Position at End of Year</i>	\$35,625

See accompanying notes to the basic financial statements and accountant's report.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

Alexander Local School District (the "District") is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The District provides educational services as authorized by State statute and/or federal guidelines. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The Board controls the District's facilities staffed by 79 classified and 107 teaching personnel and 8 administrative employees providing education to approximately 1,397 students.

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 District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service and student related activities.

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

The parent teacher organizations and booster clubs perform activities within the District's boundaries for the benefit of its residents, but are excluded from the accompanying financial statements because the District is not financially accountable for them nor are they fiscally dependent on the District.

The District is associated with six organizations, four of which are defined as jointly governed organizations, one as an affiliated organization and one as a group purchasing pool. These organizations are the Metropolitan Educational Technology Association (META) Solutions, the Southeastern Ohio Special Education Regional Resource Center, the Tri-County Career Center, the Athens County School Employees Health and Welfare Benefit Association, the Alexander Future Foundation and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 18, 19 and 20 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with a comprehensive basis of accounting (OCBOA) other than generally accepted accounting principles as applied to governmental units. Although Ohio Administration Code Section 117-2-03(B) requires the District's financial report to follow generally accepted accounting principles, the District chooses to prepare its financial statements and notes in accordance with cash basis of accounting. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. The more significant of the District's accounting policies are described below.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

A. Basis of Presentation

The District's basic financial statement consists of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no business-type activities.

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct disbursements and program receipts for each program or function of the District's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general receipts of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain 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 District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with self-balancing set of accounts. The funds of the District fall within two categories: governmental and proprietary.

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental funds focus on the sources, uses, and balances of current financial resources. The difference between governmental fund assets and liabilities is reported as fund balance.

The following are the District's major governmental funds:

General Fund - This fund is the operating fund of the District and is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Classroom Facilities Maintenance Fund - This fund is used to account for the proceeds of a property tax levy for the maintenance of facilities.

Elementary and Secondary School Emergency Relief Grant (ESSER) Fund - This fund is used to account for federal monies received as part of the CARES Act relief funding. These funds are to be used for unforeseen costs that are the result of student instruction during the Coronavirus Pandemic.

School Wide Building Program Fund - This fund is used to pool Federal, State and local funds in order to upgrade the overall instructional program of a school building where at least 40 percent of the children are from low-income families.

The other governmental funds of the District accounts for grants and other resources of the District whose use is restricted to a particular purpose.

Proprietary Funds

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in a private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

Internal Service Fund – This fund is used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis. The internal service fund accounts for the District's workers compensation program.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus, and measures receipts and disbursements when cash is received or paid.

Fund Financial Statements

All governmental funds are accounted for using a flow of cash measurement focus. With this measurement focus, only cash is included on the Balance Sheet. The Statement of Receipts, Disbursements and Changes in Cash Basis Fund Balance reports on the sources (i.e., receipts and other financing sources) and uses (i.e., disbursements and other financing uses) of cash. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements include a reconciliation, if necessary, with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide, governmental funds and proprietary fund financial statements are prepared using the cash basis of accounting.

E. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

During the fiscal year 2021, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with 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 fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount be transacted the following business day(s), but only to the \$50 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 receipts credited to the General Fund during fiscal year 2021 amounted to \$11,443, which includes \$4,052 assigned from other District funds.

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

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors or laws of other governments or imposed by enabling legislation. The District first applies restricted assets for purposes for which both restricted and unrestricted assets are available.

G. Inventory and Prepaid Items

On the cash-basis of accounting, inventories of supplies and food service items are reported as disbursements when purchased.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

I. Compensated Absences

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

J. Long-term Obligations

These cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal payments.

K. Pensions/Other Postemployment Benefits (OPEB)

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

L. Net Position

Net position represents the difference between assets and liabilities. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. The government-wide Statement of Net Position reports \$2,502,011 of restricted net position, of which none is restricted by enabling legislation.

The District applies restricted resources when a disbursement is paid for purposes for which both restricted and unrestricted net position is available.

M. Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal ordinances or resolutions of the Board of Education – the District's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Assigned – amounts constrained by the District’s “intent” to be used for specific purposes, but are neither restricted nor committed. The Board of Education, Superintendent and Treasurer have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

N. Interfund Transactions

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

O. Budgetary Process

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board’s authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Any revisions that alter the total of any fund appropriations must be approved by the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2021.

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

P. Extraordinary Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2021, the District implemented GASB Statement No. 87, “Leases”, and GASB Statement No. 89, “Accounting for Interest Cost Incurred before the End of a Construction Period.” The implementation of GASB Statements No. 87 and 90 had no effect on the prior period net position/fund balances of the District.

B. Compliance

Ohio Administrative Code, Section 117-2-03(B), requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

NOTE 4 - BUDGETARY BASIS FUND BALANCES

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The Statement of Receipts, Disbursements and Changes In Fund Balance – Budget And Actual (budgetary basis) presented for the General Fund and major special revenue funds is presented on the budgetary basis to provide meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than an assignment of fund balance (cash) and some funds are included in the General Fund on the cash basis but not on the budgetary basis.

The following table summarizes the adjustments necessary to reconcile the cash basis statements to the budgetary basis statement:

	Net Change in Fund Cash Balance			
		Classroom Facilities		School Wide Building Program
	General	Maintenance	ESSER	
Cash Basis	\$3,009,192	\$148,223	(\$1,314,149)	\$72,275
Encumbrances	(343,229)	(6,430)	(192,667)	0
<i>Prospective Difference:</i>				
Activity of Funds Reclassified for Reporting Purposes	801	0	0	0
Budget Basis	\$2,666,764	\$141,793	(\$1,506,816)	\$72,275

As part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting”, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a cash basis. These funds are excluded from the budgetary presentation of the General Fund.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must be either 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 moneys. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Public depositories must give security for all public funds on deposit. Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

- (1) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- (2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- (3) Written repurchase agreements in the securities listed above, provided that the fair 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 fair value daily, and that the term of the agreement must not exceed thirty days;
- (4) Bonds and other obligations of the State of Ohio or Ohio local governments;
- (5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- (6) The State Treasurer's investment pool (STAROhio);
- (7) Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of interim monies available for investment at any time; and
- (8) Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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 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 investment 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.

The following information classifies deposits by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40, "Deposit and Investment Risk Disclosures."

Deposits: Custodial credit risk is the risk that, in the event of a bank failure, in the event of a bank failure, the District's will not be able to recover deposits or collateral securities that are in the possession of an outside party. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

At June 30, 2021, the carrying amount of all District deposits was \$94,668. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2021, \$238,955 of the District's bank balance of \$488,955 was exposed to custodial risk as discussed above while \$250,000 was covered by Federal Deposit Insurance.

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

Eligible securities pledged to the 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.

At June 30, 2021 the District's financial institution participated in the Ohio Pool Collateral System.

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

<u>Investment Type</u>	<u>Net Asset Value Per Share</u>	<u>6 Months or Less</u>
STAR Ohio	<u>\$8,013,926</u>	<u>\$8,013,926</u>

The 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 District only has STAR Ohio as an investment which is valued at its net asset value per share.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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

Credit Risk: The District has no investment policy that limits its credit risk other than the limitations of state laws mentioned previously. Standard and Poor's has assigned STAR Ohio Fund an "AAAm" money market rating.

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 District's investment policy allows investments in eligible securities as described in the Ohio Revised Code.

Custodial Credit Risk: For investments, custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities in the possession of an outside party. District policy provides that investment collateral is held by the counter party as trust department or agent, and may be held in the name of the District or not.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31, of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property is required to be revalued every six years.

Real property taxes are paid by taxpayers annually or semi-annually. If paid annually, payment is due December 31, unless extended; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20, unless extended. Under certain circumstances, State statute permits earlier or later payment dates to be established.

Public utility property tax revenue received in calendar 2021 represents collections of calendar 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien in December 31, 2020, 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 District receives property taxes from Athens, Meigs and Vinton Counties. The County Auditors periodically advance to the District their portion of the taxes collected. The amount available to be advanced can vary based on the date the tax bills are sent.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 6 - PROPERTY TAXES (Continued)

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/Residential and Other Real Estate	\$192,157,300	68.15%	\$204,530,890	69.24%
Public Utility Personal	89,788,970	31.85%	90,874,940	30.76%
Total Assessed Value	\$281,946,270	100.00%	\$295,405,830	100.00%
Tax rate per \$1,000 of assessed valuation	\$35.56		\$35.46	

NOTE 7 - SCHOOL INCOME TAX

The District currently benefits from a 1% income tax, which is assessed on earned income only for all residents of the District for five years. The District apportions all the proceeds to the General Fund. During fiscal year 2021, the District generated \$1,334,786 from the school income tax.

NOTE 8 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2021, the District contracted with Ohio School Plan for property and fleet insurance, liability insurance, inland marine coverage, and public official bonds. Coverage's provided are as follows:

Description	Amount
Building and Contents - replacement cost (\$5,000 deductible)	\$ 70,850,630
Automobile Liability. Single Limit	2,000,000
Uninsured Motorists:	
Per Person	1,000,000
Per Accident	1,000,000
General Liability:	
Per Occurrence	2,000,000
Total Per Year	4,000,000
Public Officials Bonds:	
Treasurer	20,000

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

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 8 - RISK MANAGEMENT (Continued)

For fiscal year 2021, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"), a group purchasing pool (Note 20). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan 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 Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of CompManagement Inc., provides administrative, cost control and actuarial services to the Plan.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The net pension liability (asset) is not reported on the face of the financial statements, but rather disclosed in the notes because of the use of the cash basis framework.

Plan Description - School Employees Retirement System (SERS)

Plan Description – 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.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

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 65 with 5 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.

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contributions to the Health Care Fund.

The District’s contractually required contribution to SERS was \$439,656 for fiscal year 2021.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – 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.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

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 will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five 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 August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity 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 must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2021, plan members were required to contribute 14 percent of their annual covered salary. The 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 District's contractually required contribution to STRS was \$1,117,656 for fiscal year 2021.

ALEXANDER LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

Net Pension Liability

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<i>Proportion of the Net Pension Liability:</i>			
Current Measurement Date	0.07832840%	0.06458707%	
Prior Measurement Date	<u>0.07922930%</u>	<u>0.06452452%</u>	
Change in Proportionate Share	<u>-0.00090090%</u>	<u>0.00006255%</u>	
Proportionate Share of the Net Pension Liability	\$5,180,805	\$15,627,773	\$20,808,578
Pension Expense	\$470,008	\$2,035,193	\$2,505,201

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:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

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 June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined 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 a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

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

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 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.

	Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net Pension Liability	\$7,097,071	\$5,180,805	\$3,573,022

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount Rate of Return	7.45%
Cost-of-Living Adjustments (COLA)	0.00%
Payroll Increases	3.00%

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. 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.5 percent, 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.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 9 - DEFINED BENEFIT PENSION PLANS – (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the 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 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net Pension Liability	\$22,251,228	\$15,627,773	\$10,014,946

NOTE 10 - POSTEMPLOYMENT BENEFITS

Net OPEB Liability

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

The net OPEB liability (asset) is not reported on the face of the financial statements, but rather disclosed in the notes because of the use of the cash basis framework.

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For 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 District's surcharge obligation was \$51,682.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$51,682 for fiscal year 2021.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements was discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

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

Net OPEB Liability

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<i>Proportion of the Net OPEB Liability:</i>			
Current Measurement Date	0.07941410%	0.06458707%	
Prior Measurement Date	<u>0.08119910%</u>	<u>0.06452452%</u>	
Change in Proportionate Share	<u>-0.00178500%</u>	<u>0.00006255%</u>	
Proportionate Share of the Net OPEB Liability/(Asset)	\$1,725,928	(\$1,135,116)	\$590,812
OPEB Expense (Gain)	(\$11,836)	(\$48,895)	(\$60,731)

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.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

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

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

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

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

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

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 10 - POSTEMPLOYMENT BENEFITS– (Continued)

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

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.05 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the 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 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 10 - POSTEMPLOYMENT BENEFITS— (Continued)

	Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability	\$2,112,493	\$1,725,928	\$1,418,610

	Current		
	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability	\$1,359,037	\$1,725,928	\$2,216,556

Actuarial Assumptions - STRS

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

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Payroll Increases	3 percent	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-6.69 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	11.87 percent	4.00 percent

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

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

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

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 10 - POSTEMPLOYMENT BENEFITS – (Continued)

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes 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 not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan assets of 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

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

	Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Asset	\$987,625	\$1,135,116	\$1,260,258
	Current		
	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Asset	\$1,252,490	\$1,135,116	\$992,139

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 10 - POSTEMPLOYMENT BENEFITS – (Continued)

Benefit Term Changes Since the Prior Measurement Date - There was no change to the claims costs process. Claims curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentage 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 11 - EMPLOYEE BENEFITS

Health Care Benefits

The District has elected to provide employee medical/surgical benefits, dental and prescription drug benefits through the Athens County School Employee Health and Welfare Benefit Association. The employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. See Note 18 for more information concerning the Athens County School Employee Health and Welfare Benefit Association.

NOTE 12 - LONG-TERM OBLIGATIONS

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

	Issue Date	Interest Rate	Principal Outstanding at July 1, 2020	Additions	Deductions	Principal Outstanding at June 30, 2021	Amount Due In One Year
<u>Governmental Activities:</u>							
<u>Refunding Bonds:</u>							
Term Bonds	2017	2.30%	\$1,905,000	\$0	\$465,000	\$1,440,000	\$470,000
Energy Conservation Notes	2010	3.71- 4.18%	475,000	0	90,000	385,000	85,000
Total Governmental Activities Long-Term Obligations			<u>\$2,380,000</u>	<u>\$0</u>	<u>\$555,000</u>	<u>\$1,825,000</u>	<u>\$555,000</u>

During fiscal year 2010, the District issued \$1,225,000 of energy conservation notes for facility improvements. The notes will be paid using amounts from energy savings. The notes are retired through the Bond Retirement Debt Service Fund using transfers from the General Fund.

In March, 2017, the District issued \$2,415,000 refunding bonds for the purpose of advance refunding a portion of the 2007 Refunding Bonds. The refunding was undertaken to reduce total future debt service payments. The refunding resulted in an economic gain of \$210,187 and a reduction of \$256,337 in future debt service payments. The refunding bonds are retired through the Bond Retirement Debt Service Fund using tax revenues.

The District's voted legal debt margin was \$25,359,976 with an unvoted debt margin of \$295,406 at June 30, 2021.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 12 - LONG-TERM OBLIGATIONS – (Continued)

Principal and interest requirements to retire the general obligation bonds, refunding bonds and energy conservation notes at June 30, 2021 are as follows:

Year Ending June 30,	Refunding Bonds		Energy Conservation Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$470,000	\$27,715	\$85,000	\$14,150	\$555,000	\$41,865
2023	475,000	16,848	95,000	10,479	570,000	27,327
2024	495,000	5,692	100,000	6,432	595,000	12,124
2025	0	0	105,000	2,179	105,000	2,179
Totals	<u>\$1,440,000</u>	<u>\$50,255</u>	<u>\$385,000</u>	<u>\$33,240</u>	<u>\$1,825,000</u>	<u>\$83,495</u>

NOTE 13 – OTHER LONG-TERM OBLIGATIONS

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

	Issue Date	Interest Rate	Principal Outstanding at July 1, 2020	Additions	Deductions	Principal Outstanding at June 30, 2021	Amount Due In One Year
<i>Governmental Activities:</i>							
Lease Purchase Agreement	2016	4.09%	1,265,000	0	85,000	1,180,000	85,000
Total Governmental Activities Other Long-Term Obligations			<u>\$1,265,000</u>	<u>\$0</u>	<u>\$85,000</u>	<u>\$1,180,000</u>	<u>\$85,000</u>

In November 2016, the District entered into a ground lease agreement with a financial institution for the construction of a Wellness Center. Simultaneously, the two parties entered into a contract to lease the property to the District, including existing and new improvements made upon the property. To facilitate the construction to the property called for within the agreement, the District received \$1,500,000 from the financial institution to provide financing for the construction of a Wellness Center. Upon final payment of all scheduled lease payments, ownership reverts back to the District.

Principal and interest components of the schedules lease purchase agreement payments outstanding at June 30, 2021 are shown below.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 13 – OTHER LONG-TERM OBLIGATIONS – (Continued)

Year Ending	Principal	Interest	Total
June 30,			
2022	\$85,000	\$46,528	\$131,528
2023	90,000	42,950	132,950
2024	95,000	39,269	134,269
2025	100,000	35,180	135,180
2026	105,000	30,988	135,988
2027-2031	575,000	87,511	662,511
2032	130,000	2,666	132,666
Totals	<u>\$1,180,000</u>	<u>\$285,092</u>	<u>\$1,465,092</u>

NOTE 14 – FUND BALANCE

As of June 30, 2021, fund balances are composed of the following:

	General	Classroom Facilities Maintenance	ESSER	School Wide Building Program	Nonmajor Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>						
Unclaimed Monies	\$1,503	\$0	\$0	\$0	\$0	\$1,503
<i>Restricted:</i>						
<i>Special Revenues:</i>						
Facilities Maintenance	0	1,540,145	0	0	0	1,540,145
Student Activities	0	0	0	0	67,216	67,216
Lunchroom	0	0	0	0	65,143	65,143
Local Grants	0	0	0	0	11,744	11,744
State Grants	0	0	0	0	351,671	351,671
Debt Service	0	0	0	0	598,451	598,451
Athletics/Band	0	0	0	0	16,601	16,601
<i>Total Restricted</i>	<u>0</u>	<u>1,540,145</u>	<u>0</u>	<u>0</u>	<u>1,110,826</u>	<u>2,650,971</u>
<i>Assigned:</i>						
<i>Encumbrances for:</i>						
School Instruction	15,707	0	0	0	0	15,707
Support Services	327,522	0	0	0	0	327,522
Uniform School Supplies	15,024	0	0	0	0	15,024
Public School Support	11,960	0	0	0	0	11,960
<i>Total Assigned</i>	<u>370,213</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>370,213</u>
<i>Unassigned (Deficit)</i>	<u>6,709,705</u>	<u>0</u>	<u>(1,314,149)</u>	<u>(319,158)</u>	<u>(26,116)</u>	<u>5,050,282</u>
Total Fund Balance	<u><u>\$7,081,421</u></u>	<u><u>\$1,540,145</u></u>	<u><u>(\$1,314,149)</u></u>	<u><u>(\$319,158)</u></u>	<u><u>\$1,084,710</u></u>	<u><u>\$8,072,969</u></u>

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 15 - INTERFUND ACTIVITY

As of June 30, 2021, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivable	Interfund Payable
General	\$1,633,307	\$0
ESSER	0	1,314,149
School Wide Building Program	0	319,158
Total	\$1,633,307	\$1,633,307

The balances of \$1,314,149 and \$319,158 due to the General Fund from ESSER and the School Wide Building Program funds are the result of negative cash balances. The General Fund is responsible for any deficit in these funds and interfund transactions were established to cover these expenditures. The purpose for these interfund balances is to eliminate the negative cash balance in this fund. This interfund balance is expected to be repaid during fiscal year 2022

During fiscal year 2021, interfund transfers were as follows:

Transfers From	Transfers To		Total
	School Wide Building Program	Nonmajor Special Revenue	
General	\$4,035,380	\$155,650	\$4,191,030
Nonmajor Special Revenue	745,705	0	745,705
Total	\$4,781,085	\$155,650	\$4,936,735

Transfers are used to (1) move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 16 - STATUTORY SET-ASIDES

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2021:

	Capital Improvements
Set-Aside Balance June 30, 2020	\$0
Current Year Set Aside Requirement	270,091
Current Year Qualifying Disbursements	(446,012)
Total	(175,921)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$0

Excess of qualified expenditures for capital improvements do not carry forward.

NOTE 17 – ENCUMBRANCE COMMITMENTS

At June 30, 2021, the District had encumbrance commitments in the Governmental Funds as follows:

<i>Major Funds:</i>	
General	\$343,229
Classroom Facilities Maintenance	6,430
ESSER	192,667
<i>Nonmajor Funds:</i>	
Food Service	35,000
Athletics and Bands	10,859
Miscellaneous State Grants	42,170
Miscellaneous Federal Grants	116,544
<i>Total Nonmajor Funds</i>	204,573
Total Encumbrances	\$746,899

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META) Solutions

The District is a participant in META Solutions which is a computer consortium that resulted from the mergers between Tri-Rivers Educational Computer Association (TRECA), Metropolitan Educational Council (MEC), Metropolitan Dayton Educational Cooperative Association (MDECA), Southeastern Ohio Voluntary Education Cooperative (SEOVEC), and South Central Ohio Computer Association (SCOCA). META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. During fiscal year 2021, the District paid META Solutions \$38,019 for services. Financial information can be obtained from Dave Varda, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 18 - JOINTLY GOVERNED ORGANIZATIONS – (Continued)

Southeastern Ohio Special Education Regional Resource Center

The Southeastern Ohio Special Education Regional Resource Center (SERRC) is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

The SERRC is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of chartered nonpublic schools, representatives of county boards of MR/DD, Ohio University and the Southeast Regional Professional Development Center whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. The Alexander Local School District's Superintendent is an alternate on the SERRC Board. Financial information can be obtained by contacting Bryan Swann, Treasurer, at the Athens-Meigs Educational Service Center, 507 Richland Avenue, Suite 108, Athens, Ohio 45701.

Tri-County Career Center

The Tri-County Career Center is a jointly governed organization providing vocational services to its eight member districts. The Career Center is governed by a board of education comprised of eleven members appointed by the participating districts. The board controls the financial activity of the Career Center and reports to the Ohio Department of Education and the Auditor of State of Ohio. The continued existence of the Career Center is not dependent on the District's continued participation and no equity interest exists. During fiscal year 2021, the District paid \$0 to the Career Center. Financial information can be obtained from the Tri-County Career Center, 15676 State Route 691, Nelsonville, Ohio 45764.

Athens County School Employee Health and Welfare Benefit Association

The District is a participant in a consortium of seven districts to operate the Athens County School Employee Health and Welfare Benefit Association. The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with Anthem Insurance Company to be the health care provider for medical benefits as well as to provide aggregate and specific stop loss insurance coverage, and Coresource to provide administration for its dental benefits. The Association is governed by a board of directors consisting of one representative from each of the participating districts. Financial information for the Association can be obtained from the administrators at Snider, Fuller and Stroh, 5 Depot Street, Athens, Ohio 45701.

NOTE 19 - AFFILIATED ORGANIZATION

Alexander Future Foundation

The District is affiliated with the Alexander Future Foundation to provide educational support to students of the Alexander Local School District. The Foundation is a non-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation is governed by a board of trustees which consists of not more than twenty nor less than twelve members. The District's Superintendent and Treasurer and the PTO representative are continuous members of the Board; however, the other members must be elected. One is elected from the faculty or staff members of the District and the remainder is elected from members of the District's Community.

ALEXANDER LOCAL SCHOOL DISTRICT
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 20 - GROUP PURCHASING POOL

Ohio School Boards Association Worker's Compensation Group Rating Plan

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

The Plan'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 Plan to cover the costs of administering the program.

NOTE 21 - CONTINGENCIES

A. Grants

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

B. School Foundation

In fiscal year 2021, District foundation funding was based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2021 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2021 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

NOTE 22 - SUBSEQUENT EVENTS

In July 2021, the Board ratified a three-year contract with OAPSE (non-teaching employees) through June 30, 2024 and with ALEA through August 31, 2024.

For fiscal year 2022, District foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school and scholarship funding will be directly funded by the State of Ohio to the respective schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the respective school. For fiscal year 2021, the District reported \$563,910 in revenue and expenditures/expense related to these programs.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 23 – COVID-19

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

This page intentionally left blank.

ALEXANDER LOCAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of Net Pension Liability
Last Eight Fiscal Years (1)

	2021	2020	2019	2018
<u>School Employees Retirement System of Ohio</u>				
District's Proportion of the Net Pension Liability	0.0783284%	0.0792293%	0.0810271%	0.0846636%
District's Proportionate Share of the Net Pension Liability	\$5,180,805	\$4,740,428	\$4,640,572	\$5,058,463
District's Covered-Employee Payroll	\$3,140,400	\$3,049,029	\$2,914,286	\$2,977,763
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	164.97%	155.47%	159.24%	169.87%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%
<u>State Teachers Retirement System of Ohio</u>				
District's Proportion of the Net Pension Liability	0.06458707%	0.06452452%	0.06457525%	0.06146283%
District's Proportionate Share of the Net Pension Liability	\$15,627,773	\$14,269,210	\$14,198,648	\$14,600,627
District's Covered-Employee Payroll	\$7,983,257	\$8,042,971	\$7,713,314	\$7,160,629
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered-Employee Payroll	195.76%	177.41%	184.08%	203.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.48%	77.40%	77.31%	75.30%

(1) Information prior to 2014 is not available.

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

2017	2016	2015	2014
0.0886195%	0.089218%	0.088574%	0.088574%
\$6,486,130	\$5,090,883	\$4,482,680	\$5,267,212
\$3,120,514	\$2,761,497	\$2,925,569	\$3,302,794
207.85%	184.35%	153.22%	159.48%
62.98%	69.16%	71.70%	65.52%
0.06360988%	0.0620956%	0.062681%	0.062681%
\$21,292,144	\$17,161,402	\$15,246,298	\$18,161,160
\$6,997,429	\$6,692,981	\$6,478,636	\$6,980,892
304.29%	256.41%	235.33%	260.16%
66.80%	72.10%	74.71%	69.30%

ALEXANDER LOCAL SCHOOL DISTRICT
Schedule of the District Contributions for Pension
Last Ten Fiscal Years

	2021	2020	2019	2018	2017
<u>School Employees Retirement System of Ohio</u>					
Contractually Required Contributions	\$439,656	\$411,619	\$393,429	\$401,998	\$436,872
Contributions in Relation to the Contractually Required Contributions	<u>(439,656)</u>	<u>(411,619)</u>	<u>(393,429)</u>	<u>(401,998)</u>	<u>(436,872)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$3,140,400	\$3,049,029	\$2,914,286	\$2,977,763	\$3,120,514
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.50%	13.50%	13.50%	14.00%
<u>State Teachers Retirement System of Ohio</u>					
Contractually Required Contributions	\$1,117,656	\$1,126,016	\$1,079,864	\$1,002,488	\$979,640
Contributions in Relation to the Contractually Required Contributions	<u>(1,117,656)</u>	<u>(1,126,016)</u>	<u>(1,079,864)</u>	<u>(1,002,488)</u>	<u>(979,640)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$7,983,257	\$8,042,971	\$7,713,314	\$7,160,629	\$6,997,429
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%	14.00%

2016	2015	2014	2013	2012
\$386,610	\$385,590	\$432,666	\$426,305	\$362,888
<u>(386,610)</u>	<u>(385,590)</u>	<u>(432,666)</u>	<u>(426,305)</u>	<u>(362,888)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,761,497	\$2,925,569	\$3,302,794	\$3,254,237	\$2,857,386
14.00%	13.18%	13.10%	13.10%	12.70%
\$937,017	\$907,009	\$907,516	\$921,278	\$900,848
<u>(937,017)</u>	<u>(907,009)</u>	<u>(907,516)</u>	<u>(921,278)</u>	<u>(900,848)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,692,981	\$6,478,636	\$6,980,892	\$7,086,754	\$6,929,600
14.00%	14.00%	13.00%	13.00%	13.00%

ALEXANDER LOCAL SCHOOL DISTRICT
Schedule of the District's Proportionate Share of Other Postemployment Benefits Liability
Last Five Fiscal Years (1)

	2021	2020	2019	2018	2017
<u>School Employees Retirement System of Ohio</u>					
District's Proportion of the Other Postemployment Benefits Liability	0.07941410%	0.08119910%	0.08252180%	0.08582210%	0.08582210%
District's Proportionate Share of the Other Postemployment Benefits Liability	\$1,725,928	\$2,041,987	\$2,289,378	\$2,303,240	\$2,446,247
District's Covered-Employee Payroll	\$3,140,400	\$3,049,029	\$2,914,286	\$2,977,764	\$3,120,514
District's Proportionate Share of the Other Postemployment Benefits Liability as a Percentage of it's Covered-Employee Payroll	54.96%	66.97%	78.56%	77.35%	78.39%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%
<u>State Teachers Retirement System of Ohio</u>					
District's Proportion of the Other Postemployment Benefits Liability	0.06458707%	0.06452452%	0.06457525%	0.06146283%	0.06146283%
District's Proportionate Share of the Other Postemployment Benefits Asset	\$1,135,116	\$1,068,681	\$1,037,658	\$0	\$0
District's Proportionate Share of the Other Postemployment Benefits Liability	\$0	\$0	\$0	\$2,398,053	\$3,287,048
District's Covered-Employee Payroll	\$7,983,257	\$8,042,971	\$7,713,314	\$7,160,629	\$6,997,429
District's Proportionate Share of the Other Postemployment Benefits (Asset)/ Liability as a Percentage of it's Covered-Employee Payroll	-14.22%	-13.29%	-13.45%	33.49%	46.98%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.13%	174.74%	176.08%	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

ALEXANDER LOCAL SCHOOL DISTRICT
Schedule of the District Contributions for Other Postemployment Benefits
Last Five Fiscal Years

	2021	2020	2019	2018	2017
<u>School Employees Retirement System of Ohio</u>					
Contractually Required Contributions	\$0	\$0	\$14,571	\$14,889	\$0
Contributions in Relation to the Contractually Required Contributions	<u>0</u>	<u>0</u>	<u>(14,571)</u>	<u>(14,889)</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$3,140,400	\$3,049,029	\$2,914,286	\$2,977,763	\$3,120,514
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.50%	0.50%	0.00%
<u>State Teachers Retirement System of Ohio</u>					
Contractually Required Contributions	\$0	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contributions	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$7,983,257	\$8,042,971	\$7,713,314	\$7,160,629	\$6,997,429
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%	0.00%

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Supplementary Information
For the Fiscal Year Ended June 30, 2020*

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms:

2014-2017: There were no changes in benefit terms for the period.

2018: The following were the most significant changes in benefit terms:

- The cost-of-living adjustment was changed from a fixed 3.00% to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018.
- Under HB 49, the Board enacted a three-year COLA suspension for benefit recipients in calendar year 2018, 2019 and 2020.

2019: The following were the most significant changes in benefit terms:

- Under Senate Bill 8, the Board enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2020-2021: There were no changes in benefit terms for the period.

Changes in assumptions:

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

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

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. The above rates represent the base rates used.
- 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.

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

Other Postemployment Benefits

Changes in benefit terms:

2017-2021: There were no changes in benefit terms for the period.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Supplementary Information
For the Fiscal Year Ended June 30, 2020*

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO (Continued)

Changes in assumptions:

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

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - 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 was updated to the following:
 - 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.

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

- Discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent.
- Discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent.

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

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms:

2017-2021: There were no changes in benefit terms for the period.

Changes in assumptions:

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

- Long term expected rate of return was reduced from 7.75% to 7.45%,
- Inflation assumption was lowered from 2.75% to 2.50%,
- Payroll growth assumption was lowered to 3.00%,
- 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.
- Healthy and disabled mortality assumptions were updated to the following:
 - RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

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

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Supplementary Information
For the Fiscal Year Ended June 30, 2020*

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO (Continued)

Other Postemployment Benefits

Changes in benefit terms:

2017: There were no changes in benefit terms for the period.

2018: The following were the most significant changes in benefit terms:

- The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service.
- Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries
- All remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements is extended to January 2020.

2019: The following were the most significant changes in benefit terms:

- The subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019.
- The non-Medicare frozen subsidy base premium was increased effective January 1, 2019.
- All remaining Medicare Part B premium reimbursements will be discontinued beginning January 2021.

2020: The following were the most significant changes in benefit terms:

- The subsidy multiplier for non-Medicare benefit recipients was increased from 1.944% to 1.984% per year of service effective January 1, 2020.
- The non-Medicare frozen subsidy base premium was increased effective January 1, 2020.
- Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare Plan.
- Medicare Part B monthly reimbursements elimination date was postponed to January 1, 2021.

2021: The following were the most significant changes in benefit terms:

- The subsidy multiplier for non-Medicare benefit recipients was increased from 1.984% to 2.055% per year of service effective January 1, 2021.
- The non-Medicare frozen subsidy base premium was increased effective January 1, 2021.
- Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare Plan.
- Medicare Part B monthly reimbursements elimination date was postponed indefinitely.

Changes in assumptions:

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

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

- Discount rate was increased from 3.26% to 4.13%
- Long term expected rate of return was reduced from 7.75% to 7.45%.
- 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
- 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.

ALEXANDER LOCAL SCHOOL DISTRICT

*Notes to the Supplementary Information
For the Fiscal Year Ended June 30, 2020*

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO (Continued)

2019: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45%
- Valuation year per capita health care costs were updated

2020-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

This page intentionally left blank.

ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY

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

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program/Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	2020/2021	\$0	\$31,769
Cash Assistance:				
School Breakfast Program	10.553	2020/2021	0	230,314
National School Lunch Program	10.555	2020/2021	0	376,892
COVID-19 School Breakfast Program	10.553	2020	0	37,417
COVID19 School Lunch Program	10.555	2020	0	58,330
Total Cash Assistance			<u>0</u>	<u>702,953</u>
Total Child Nutrition Cluster			<u>0</u>	<u>734,722</u>
Total U.S. Department of Agriculture			0	734,722
U.S. DEPARTMENT OF TREASURY				
<i>Passed Through Waterloo Township</i>				
Coronavirus Relief Fund	21.019	2021	0	12,000
Total U.S. Department of Treasury			0	12,000
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Coronavirus Relief Fund - Rural and Small Town School Districts	21.019	2021	0	95,725
Coronavirus Relief Fund - Broadband Ohio Connectivity	21.019	2021	0	48,583
Total Coronavirus Relief Fund			<u>0</u>	<u>144,308</u>
Title I Grants to Local Educational Agencies	84.010	2020	0	124,347
		2021	0	443,014
Total Title I			<u>0</u>	<u>567,361</u>
Special Education Cluster				
Special Education - Grants to States	84.027	2020	0	68,744
		2021	0	291,484
Total Special Education - Grants to States			<u>0</u>	<u>360,228</u>
Special Education - Preschool Grants	84.173	2020	0	1,984
		2021	0	6,194
Total Special Education - Preschool Grants			<u>0</u>	<u>8,178</u>
Total Special Education Cluster			0	368,406
Twenty-First Century Community Learning Centers	84.287	2020	51,517	61,902
		2021	90,406	98,201
Total Twenty-First Century Community Learning Centers			<u>141,923</u>	<u>160,103</u>
Rural Education	84.358	2020	0	14
		2021	0	22,503
Total Rural Education			<u>0</u>	<u>22,517</u>
Supporting Effective Instruction State Grants	84.367	2020	0	18,619
		2021	0	46,889
Total Supporting Effective Instruction State Grants			<u>0</u>	<u>65,508</u>
Student Support and Academic Enrichment Grants	84.424	2020	0	7,309
		2021	0	29,001
Total Student Support and Academic Enrichment Grants			<u>0</u>	<u>36,310</u>
COVID-19 Education Stabilization Fund (ESSER I)	84.425D	2021	0	393,204
COVID-19 Education Stabilization Fund (ESSER II)	84.425D	2021	0	1,252,832
Total COVID-19 ESSER			<u>0</u>	<u>1,646,036</u>
Total U.S. Department of Education			<u>141,923</u>	<u>3,010,549</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY				
<i>Direct Program</i>				
National Clean Diesel Emissions Reduction Program	66.039	2021	0	40,000
Total U.S. Environmental Protection Agency		2021	<u>0</u>	<u>40,000</u>
Total Expenditures of Federal Awards			<u><u>\$141,923</u></u>	<u><u>\$3,797,271</u></u>

The accompanying notes are an integral part of this Schedule.

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**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 the Alexander Local School District (the District's) 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 District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

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

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

NOTE E - CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

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

NOTE G - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2021 to 2022 programs:

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

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

NOTE G - TRANSFERS BETWEEN PROGRAM YEARS (Continued)

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$ 12,893
Expanding Opportunities for Each Child	84.010A	6,127
Support Effective Instruction State Grants	84.367	1,390
Student Support and Academic Enrichment Grants	84.424	860
Rural Education	84.358	667
Special Education Grants to States	84.027	9,145
Special Education Preschool Grants	84.173	184
21st Century	84.287	56,489
Education Stabilization Fund	84.425D	14,182

This page intentionally left blank.



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

Alexander Local School District
Athens County
6091 Ayers Road
Athens, Ohio 45710

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 cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alexander Local School District, Athens County, Ohio, (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 7, 2022, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2021-001.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Corrective Action Plan. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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



Keith Faber
Auditor of State
Columbus, Ohio

March 7, 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 THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Alexander Local School District
Athens County
6091 Ayers Road
Athens, Ohio 45710

To the Board of Education:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

March 7, 2022

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS 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)?	Yes
(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 Program (list): <ul style="list-style-type: none"> • Elementary and Secondary School Emergency Relief Fund – Assistance Listing #84.425D 	
(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**

FINDING NUMBER 2021-001

Noncompliance

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Admin. Code § 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

**ALEXANDER LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021
(Continued)**

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

FINDING NUMBER 2021-001 (Continued)

Noncompliance - Ohio Rev. Code § 117.38 (Continued)

The District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District.

To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response: The District has chosen to use the most cost-effective financial reporting system available. The compilation and filing of the OCBOA statements seems to be a Government Accounting Standards Board approved alternative to GAAP. The additional cost associated with GAAP financial statements would be a direct burden upon instructional resources.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None.

Alexander Local School District

Albany, Ohio 45710

740-698-8831/1-800-628-9517

District Office
6091 Ayers Road
740-698-2038 (fax)

Elementary
6105 School Rd.
740-698-2137 (fax)



Middle School
6115 School Rd.
740-698-8833 (fax)

High School
6125 School Rd.
740-698-3614 (fax)

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) JUNE 30, 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Noncompliance with Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B) – Annual Financial Report not presented in accordance with generally accepted accounting principles.	Not Corrected.	The District has chosen to use the most cost-effective financial reporting system available. The compilation and filing of the OCBOA statements seems to be a Government Accounting Standards Board approved alternative to GAAP. The additional cost associated with the GAAP financial statements would be a direct burden upon instructional resources.
2020-002	Material Weakness for financial statement errors.	Corrective Action Taken and Finding is Fully Corrected.	

Alexander Local School District

Albany, Ohio 45710

740-698-8831/1-800-628-9517

District Office
6091 Ayers Road
740-698-2038 (fax)

Elementary
6105 School Rd.
740-698-2137 (fax)



Middle School
6115 School Rd.
740-698-8833 (fax)

High School
6125 School Rd.
740-698-3614 (fax)

CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) June 30, 2021

Finding Number: 2021-001
Planned Corrective Action: Not cost-effective.
Anticipated Completion Date: N/A
Responsible Contact Person: Aaron Schirm, Treasurer

OHIO AUDITOR OF STATE KEITH FABER



ALEXANDER LOCAL SCHOOL DISTRICT

ATHENS 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 3/22/2022

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

This report is a matter of public record and is available online at
www.ohioauditor.gov