



OHIO AUDITOR OF STATE  
**KEITH FABER**





**OAK HILL UNION LOCAL SCHOOL DISTRICT  
JACKSON COUNTY  
JUNE 30, 2021**

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**INDEPENDENT AUDITOR'S REPORT**

Oak Hill Union Local School District  
Jackson County  
205 Western Avenue  
Jackson, Ohio 45640

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 Oak Hill Union Local School District, Jackson 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 budgetary comparison for the General Fund 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 19 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.

As discussed in Note 20 to the financial statements, during 2021, the District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 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 9, 2022

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**Oak Hill Union Local School District**  
*Statement of Net Position - Cash Basis*  
*As of June 30, 2021*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$19,469,954</u>
<i>Total Assets</i>	19,469,954
<b>Net Position</b>	
Restricted for Debt Service	531,431
Restricted for Capital Outlay	1,308,528
Restricted for Classroom Facilities Maintenance	1,045,103
Restricted for Other Purposes	2,197,785
Unrestricted	<u>14,387,107</u>
<i>Total Net Position</i>	<u><u>\$19,469,954</u></u>

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

**Oak Hill Union Local School District**  
*Statement of Activities - Cash Basis*  
*For the Fiscal Year Ended June 30, 2021*

	Cash Disbursements	Charges for Services and Sales	Program Receipts		Net (Disbursements) Receipts and Changes in Net Position
			Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest	
<b>Governmental Activities</b>					
Instruction:					
Regular	\$7,280,650	\$567,915	\$346,941	\$0	(\$6,365,794)
Special	2,631,995	153,408	1,533,131	0	(945,456)
Vocational	3,250	0	3,669	0	419
Student Intervention Services	50,429	4,108	0	0	(46,321)
Other	66,025	181	63,809	0	(2,035)
Support Services:					
Pupils	698,207	47,926	722,884	0	72,603
Instructional Staff	467,136	31,355	79,217	0	(356,564)
Board of Education	137,875	11,232	0	0	(126,643)
Administration	1,129,579	86,598	11,535	0	(1,031,446)
Fiscal	488,043	38,564	2,500	0	(446,979)
Operation and Maintenance of Plant	1,287,086	103,873	10,781	0	(1,172,432)
Pupil Transportation	1,144,891	86,241	82,330	0	(976,320)
Central	60,375	4,470	5,500	0	(50,405)
Operation of Non-Instructional Services	667,606	19,762	473,233	3,888	(170,723)
Extracurricular Activities	388,785	209,197	7,900	0	(171,688)
Capital Outlay	192,980	0	0	0	(192,980)
Debt Service:					
Principal	240,000	0	0	0	(240,000)
Interest and Fiscal Charges	9,388	0	0	0	(9,388)
<b>Total Governmental Activities</b>	<b>\$16,944,300</b>	<b>\$1,364,830</b>	<b>\$3,343,430</b>	<b>\$3,888</b>	<b>(12,232,152)</b>

**General Cash Receipts**

Property Taxes Levied for:	
General Purposes	3,336,863
Classroom Facilities Maintenance	66,812
Permanent Improvements	170,175
Debt Service	117,099
Grants and Entitlements,	
Not Restricted for Specific Programs	9,787,649
Gifts and Donations,	
Not Restricted for Specific Programs	6,340
Investment Earnings	59,414
Miscellaneous	365,221
<b>Total General Cash Receipts</b>	<b>13,909,573</b>
<b>Change in Net Position</b>	<b>1,677,421</b>
<b>Net Position Beginning of Year (Restated)</b>	<b>17,792,533</b>
<b>Net Position End of Year</b>	<b>\$19,469,954</b>

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

**Oak Hill Union Local School District**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*As of June 30, 2021*

	<u>General</u>	<u>Permanent Improvement</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	<u>\$10,596,119</u>	<u>\$3,248,111</u>	<u>\$4,949,132</u>	<u>\$18,793,362</u>
<i>Total Assets</i>	<u><u>\$10,596,119</u></u>	<u><u>\$3,248,111</u></u>	<u><u>\$4,949,132</u></u>	<u><u>\$18,793,362</u></u>
<b>Fund Balances</b>				
Restricted	\$0	\$0	\$5,082,847	\$5,082,847
Committed	1,406,562	0	26,390	1,432,952
Assigned	213,572	3,248,111	0	3,461,683
Unassigned (Deficit)	<u>8,975,985</u>	<u>0</u>	<u>(160,105)</u>	<u>8,815,880</u>
<i>Total Fund Balances</i>	<u><u>\$10,596,119</u></u>	<u><u>\$3,248,111</u></u>	<u><u>\$4,949,132</u></u>	<u><u>\$18,793,362</u></u>

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

**Oak Hill Union Local School District**  
*Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities - Cash Basis  
As of June 30, 2021*

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**Total Governmental Fund Balances** \$18,793,362

*Amounts reported for governmental activities in the statement of net position are difference 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.

676,592

**Net Position of Governmental Activities**

\$19,469,954

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

**Oak Hill Union Local School District**  
*Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
 Governmental Funds  
 For the Fiscal Year Ended June 30, 2021

	General	Permanent Improvement	Non-Major Governmental Funds	Total Governmental Funds
<b>Cash Receipts</b>				
Property Taxes	\$3,336,863	\$170,175	\$183,911	\$3,690,949
Intergovernmental	10,490,322	14,732	2,592,891	13,097,945
Interest	54,296	0	7,122	61,418
Tuition and Fees	1,142,729	0	0	1,142,729
Extracurricular Activities	9,040	0	193,299	202,339
Gifts and Donations	10,175	0	26,065	36,240
Customer Sales and Services	0	0	19,762	19,762
Miscellaneous	356,310	0	8,911	365,221
<i>Total Cash Receipts</i>	<u>15,399,735</u>	<u>184,907</u>	<u>3,031,961</u>	<u>18,616,603</u>
<b>Cash Disbursements</b>				
Current:				
Instruction:				
Regular	6,886,099	0	395,208	7,281,307
Special	1,883,145	0	749,103	2,632,248
Vocational	0	0	3,250	3,250
Student Intervention Services	50,429	0	0	50,429
Other	2,216	0	63,809	66,025
Support Services:				
Pupils	588,313	0	109,937	698,250
Instructional Staff	385,599	0	81,570	467,169
Board of Education	137,875	0	0	137,875
Administration	1,118,158	0	11,535	1,129,693
Fiscal	473,383	5,873	8,821	488,077
Operation and Maintenance of Plant	1,275,079	0	12,073	1,287,152
Pupil Transportation	1,062,738	0	82,330	1,145,068
Central	54,875	0	5,500	60,375
Operation of Non-Instructional Services	4,632	0	663,010	667,642
Extracurricular Activities	195,149	0	193,636	388,785
Capital Outlay	31,089	161,891	0	192,980
Debt Service:				
Principal	0	0	240,000	240,000
Interest	0	0	9,388	9,388
<i>Total Cash Disbursements</i>	<u>14,148,779</u>	<u>167,764</u>	<u>2,629,170</u>	<u>16,945,713</u>
<i>Excess of Cash Receipts Over Cash Disbursements</i>	1,250,956	17,143	402,791	1,670,890
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	1,050,000	3,639	1,053,639
Advances In	0	0	160,000	160,000
Transfers Out	(1,053,639)	0	0	(1,053,639)
Advances Out	(160,000)	0	0	(160,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,213,639)</u>	<u>1,050,000</u>	<u>163,639</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	37,317	1,067,143	566,430	1,670,890
<i>Fund Balance Beginning of Year (Restated)</i>	<u>10,558,802</u>	<u>2,180,968</u>	<u>4,382,702</u>	<u>17,122,472</u>
<i>Fund Balance End of Year</i>	<u>\$10,596,119</u>	<u>\$3,248,111</u>	<u>\$4,949,132</u>	<u>\$18,793,362</u>

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

**Oak Hill Union Local School District**  
*Reconciliation of the Statement of Receipts, Disbursements and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities - Cash Basis  
For the Fiscal Year Ended June 30, 2021*

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**Net Change in Fund Balances - Total Governmental Funds** \$1,670,890

*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 government-wide statement of activities. Governmental fund disbursements and the related internal service fund receipts are eliminated. The net receipt (disbursement) of the internal service fund is allocated among the governmental activities.

6,531

**Net Change in Net Position of Governmental Activities**

\$1,677,421

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

**Oak Hill Union Local School District**  
*Statement of Receipts, Disbursements and Change  
in Fund Balance - Budget and Actual - Budget Basis  
General Fund  
For the Fiscal Year Ended June 30, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget: Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Total Receipts and Other Financing Sources	\$13,682,243	\$15,477,951	\$15,384,695	(\$93,256)
Total Disbursements and Other Financing Uses	15,801,686	15,441,686	15,441,686	0
<i>Net Change in Fund Balance</i>	(2,119,443)	36,265	(56,991)	(93,256)
<i>Fund Balance Beginning of Year</i>	8,780,339	8,780,339	8,780,339	0
<i>Prior Year Encumbrances Appropriated</i>	252,634	252,634	252,634	0
<i>Fund Balance End of Year</i>	<u>\$6,913,530</u>	<u>\$9,069,238</u>	<u>\$8,975,982</u>	<u>(\$93,256)</u>

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

**Oak Hill Union Local School District**  
*Statement of Fund Net Position - Cash Basis*  
*Proprietary Fund*  
*As of June 30, 2021*

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	<u>Governmental Activities- Internal Service</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$676,592</u>
<i>Total Assets</i>	676,592
<b>Net Position</b>	
Unrestricted	<u>676,592</u>
<i>Total Net Position</i>	<u><u>\$676,592</u></u>

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



**Oak Hill Union Local School District**  
*Statement of Receipts, Disbursements and Change in Fund Net Position - Cash Basis*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2021*

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	<u>Governmental Activities- Internal Service</u>
<b>Operating Cash Receipts</b>	
Charges for Services	\$2,439,250
Stop Loss Reimbursements	280,394
Other Revenues	<u>171,805</u>
<i>Total Operating Cash Receipts</i>	2,891,449
<b>Operating Cash Disbursements</b>	
Fringe Benefits	2,427,268
Purchased Services	<u>462,768</u>
<i>Total Operating Cash Disbursements</i>	<u>2,890,036</u>
<i>Operating Loss</i>	1,413
<b>Non-Operating Cash Receipts</b>	
Interest	<u>5,118</u>
<i>Total Non-Operating Cash Receipts</i>	<u>5,118</u>
<i>Change in Net Position</i>	6,531
<i>Net Position Beginning of Year</i>	<u>670,061</u>
<i>Net Position End of Year</i>	<u><u>\$676,592</u></u>

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

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**Oak Hill Union Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**Note 1 – Description of the District and Reporting Entity**

Description of the Entity

Oak Hill Union Local School District, Jackson County, Ohio (the District) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under a locally elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by state and/or local guidelines.

The District is staffed by 87 certificated employees, 49 non-certificated employees, and 7.5 administrators who provide services to 1,156 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 Oak Hill Union Local School 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. There are no component units of the District.

The District is associated with the Gallia-Jackson-Vinton Joint Vocational School District, Metropolitan Educational Technology Association, the Coalition of Rural and Appalachian Schools, the Ohio Coalition of Equity and Adequacy of School Funding, South Central Ohio Educational Service Center, Gallia-Vinton Educational Service Center, and the Ohio School Plan, which are defined as jointly governed organizations, and Jefferson Health Plan and the Ohio School Boards Association Workers' Compensation Group Rating Program which are defined as insurance purchasing pools. These organizations are presented in notes 10 and 11.

**Note 2 – Summary of Significant Accounting Policies**

Fund Accounting

The District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

*Governmental Funds*

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. The following are the District's major governmental funds:

**Oak Hill Union Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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

*Permanent Improvement Fund* – The permanent improvement fund is a fund provided to account for all transactions related to the acquiring, constructing, or improving of permanent improvements.

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

*Proprietary Fund*

Proprietary fund reporting focuses on the determination of operating cash receipts over (under) cash disbursements, changes in net cash position, and cash basis financial position. Proprietary funds are classified as enterprise or internal service; the District has no enterprise funds and one internal service fund.

*Internal Service Fund* – The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's only internal service fund accounts for the self-insurance program for employee medical claims.

Basis of Presentation

The District uses the provisions of GASB 34 for financial reporting on a cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America, and GASB 38, for certain financial statement note disclosures. The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements that 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 activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements.

The statement of net position-cash basis presents the cash basis financial condition of governmental activities of the District at year-end. The statement of activities-cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the District's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program cash receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the District. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental function is self-financing or draws from the general cash 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 fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

**Oak Hill Union Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-03(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP), the District chooses to prepare its financial statements in accordance with the cash basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). These statements include adequate disclosure of material matters, in accordance with the basis of accounting described above.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

*Cash Receipts – Exchange and Non-Exchange Transactions*

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the cash basis when the exchange takes place. On a cash basis, receipts are recorded in the year in which the resources are received.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On a cash basis, receipts from property taxes are recognized in the year in which the taxes are received. Receipts from grants, entitlements, and donations are recognized in the year in which the monies have been received.

*Cash Disbursements*

On the cash basis of accounting, disbursements are recognized at the time payments are made.

Budgetary Process

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

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 original appropriations were adopted. The amounts reported in the final column of the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were passed.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources. 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

**Oak Hill Union Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year, including all supplemental appropriations.

Cash and Cash Equivalents and Investments

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

During fiscal year 2021, the District’s investments were limited to negotiable certificates of deposit, money market funds, and funds invested in the State Treasury Asset Reserve of Ohio (STAR Ohio). Certificates of deposit are recorded at cost.

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

For 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 \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million per day. Transactions in all of the participant’s accounts 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. For fiscal year 2021, interest receipts amounted to \$66,536, of which \$54,296 was recorded in the general fund, \$3,888 was recorded in the state share building fund expenses fund, \$3,234 was recorded in the scholarship trust fund, and \$5,118 was recorded in the internal service fund.

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

Capital Assets and Depreciation

Capital assets acquired or constructed for the District are recorded as disbursements at the time of acquisition. However, under the cash basis of accounting, capital assets and the related depreciation are not reported on the basic financial statements.

Compensated Absences

Vacation and sick leave benefits are not accrued under the cash basis of accounting as previously described. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees.

Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**Oak Hill Union Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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Long-Term Obligations

In general, bonds are recorded as cash disbursements in the basic financial statements when paid. Long-term obligations are not recorded as liabilities in the basic financial statements under the cash basis of accounting.

Fund Balance

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

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

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

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

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education.

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

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

Net Position

Net cash position represents the cash assets held by the District at year end. Net position is 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. Restricted for other purposes is comprised of net position restricted for state and federal programs. The District applies restricted resources first when a cash disbursement is made for purposes for which both restricted and unrestricted net position is available. As of June 30, 2021, none of the District’s restricted net position was restricted by enabling legislation.

**Oak Hill Union Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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Interfund Transactions

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide financial statements, transfers within governmental activities are eliminated. Flows of cash from one fund to another with a requirement for repayment are reported as advances in and out. Advances between governmental activities are eliminated in the statement of activities.

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.

**Note 3 – 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 School Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must 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 moneys are those moneys which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;



**Oak Hill Union Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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. Except as noted above, 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 investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At June 30, 2021, the District's self-insurance internal service fund had a balance of \$676,592 with the Jefferson Health Plan, a claims servicing pool (see note 7). The money is held by the claims servicer in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. The classification of cash and cash equivalents and investments for the Jefferson Health Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Jefferson Health Plan, 2023 Sunset Boulevard, Steubenville, Ohio 43952.

#### Deposits

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

Eligible securities pledged to the 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 bank balance of \$3,053,315 was either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described above.

**Oak Hill Union Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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Investments

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

	Carrying Value	Weighted Average Maturity (Years)
Federated Governmental Obligations Capital Money Market	\$549,872	<1 Year
STAR Ohio	13,676,987	<1 Year
Negotiable Certificates of Deposit	200,000	<1 Year
Negotiable Certificates of Deposit	1,184,000	1-3 Years
Negotiable Certificates of Deposit	249,000	3-5 Years
Total Investments	\$15,859,859	

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

*Credit Risk* – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District’s investment policy does not address credit risk beyond the requirements of the Ohio Revised Code. The District limited its investments to money market funds, STAR Ohio, and negotiable certificates of deposit. Its money market fund and STAR Ohio have been rated AAAM by Standard & Poor’s.

*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 user. The District’s investment policy allows investments in any instrument or security authorized in State law. 86 percent of the District’s investments are in STAR Ohio and 10 percent are in negotiable certificates of deposit.

*Custodial Credit Risk* – Custodial credit risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District’s investment policy does not address custodial credit risk beyond the requirements of the Ohio Revised Code. All of the District’s securities are held in the name of the District.

**Note 4 – Budgetary Basis Fund Balances**

The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statement of receipts, disbursements and changes in fund balance – budget and actual – budget basis for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The following table summarizes the adjustments necessary to reconcile the cash basis and the budgetary basis statements for the general fund.

**Oak Hill Union Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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Net Change in Fund Balance

	General Fund
Cash Basis (as Reported)	\$37,317
Perspective Difference:	
Activity of Funds Reclassified for Cash Reporting Purposes	75,203
Encumbrances	(169,511)
Budget Basis	(\$56,991)

As a part of generally accepted accounting principles, certain funds that are legally budgeted as special revenue funds are considered part of the general fund on a cash basis. This includes the public school support and severance funds. These funds were excluded from the budgetary presentation for the general fund.

**Note 5 – Property Taxes**

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

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

Public utility property tax receipts received in calendar year 2021 represent collection of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected in 2021 with real property taxes. Public utility real property is assessed at thirty-five percent of true value. Public utility tangible personal property currently is assessed at varying percentages of true value.

The Jackson and Lawrence County Treasurers collect property taxes on behalf of all taxing districts within the Counties. The Jackson and Lawrence County Auditors periodically remit to the taxing districts their portion of the taxes collected.

The assessed values upon which 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	\$96,970,270	54.94%	\$102,522,370	56.04%
Public Utility	79,542,470	45.06%	80,428,510	43.96%
Total Assessed Value	\$176,512,740	100.00%	\$182,950,880	100.00%
Tax Rate per \$1,000 of Assessed Valuation	\$22.35		\$21.40	

**Oak Hill Union Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**Note 6 – Debt Obligations**

The District’s long-term obligations at June 30, 2021 were as follows:

	Beginning Balance June 30, 2020	Additions	Payments	Ending Balance June 30, 2021	Due in One Year
2016 Current Refunding Bonds, 1.55%	\$735,000	\$0	(\$240,000)	\$495,000	\$245,000

On May 12, 2016, the District issued \$1,655,000 in current refunding bonds for the purpose of refunding the series 2006 advance refunding classroom facilities bonds. The refunding bonds have an interest rate of 1.55 percent and a maturity date of December 1, 2022. These bonds are being repaid from the bond retirement fund.

The annual requirements to amortize debt outstanding as of June 30, 2021 are as follows:

Year Ending June 30	2016 Current Refunding Bonds		
	Principal	Interest	Total
2022	\$245,000	\$5,774	\$250,774
2023	250,000	1,938	251,938
Total	\$495,000	\$7,712	\$502,712

The District's overall legal debt margin was \$16,502,010 with an unvoted debt margin of \$182,951 at June 30, 2021.

**Note 7 – Risk Management**

Property and Liability

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 2021, the District contracted with the Ohio School Plan (OSP) for property and various other insurance coverages.

General liability is protected by OSP with a \$2,000,000 single occurrence limit and a \$4,000,000 aggregate with deductibles ranging from \$0 to \$2,500. Vehicle and property coverages are also provided by OSP. Vehicle liability had a \$2,000,000 combined single limit of liability. Property insurance had a \$46,244,177 limit. Settled claims have not exceeded any aforementioned commercial coverage in any of the past three years. There have been no significant reductions in coverage from the prior fiscal year.

Workers’ Compensation

For fiscal year 2021, the District participated in the Ohio School Boards Association Workers’ Compensation Group Rating Program (GRP), an insurance purchasing pool (note 11). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers’ compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers’ compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant’s individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the “equity pooling fund.” This “equity pooling” arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP’s selection criteria. The firm of Comp Management, Inc.

**Oak Hill Union Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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provides administrative, cost control, and actuarial services to the GRP. Each year, the District pays an enrollment fee to the GRP to cover the costs of administering the program.

Employee Benefits

Insurance is offered to employees through a self-insurance internal service fund. Monthly premiums for the cost of claims are remitted to the fiscal agent, Jefferson Health Plan, who in turn pays the claims on the District's behalf. The claims liability at June 30, 2021 of \$326,710, which is based on an estimate provided by the third party administrator, includes unpaid claim costs and estimates of costs relating to incurred but not reported claims. The estimate was not affected by incremental claim adjustment expense and does not include other allocated or unallocated claim adjustment expenses. A comparison of self-insurance fund cash and investment to the actuarially-measured liability as of June 30 follows:

<u>Year</u>	<u>Cash and Investments</u>	<u>Actuarial Liabilities</u>
2021	\$676,592	\$326,710
2020	670,061	236,799

**Note 8 – Defined Benefit Pension Plans**

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

Net Pension Liability/Net OPEB Liability

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

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

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

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

**Oak Hill Union Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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The net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the cash basis framework.

The remainder of this note includes the required pension disclosures. See note 9 for the required OPEB disclosures.

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, 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](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

*Funding Policy* – Plan members are required to contribute 10 percent of their annual covered salary and the 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 \$201,832 for fiscal year 2021.

**Oak Hill Union Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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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 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 website at [www.strsoh.org](http://www.strsoh.org).

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients’ base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five 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. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

**Oak Hill Union Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2021

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*Funding Policy* – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year June 30, 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The District’s contractually required contribution to STRS was \$883,900 for fiscal year 2021.

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 contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.04666680%	0.05002592%	
Proportion of the Net Pension Liability Current Measurement Date	0.04527950%	0.04964294%	
Change in Proportionate Share	-0.00138730%	-0.00038298%	
Proportionate Share of the Net Pension Liability	\$2,994,882	\$12,011,825	\$15,006,707

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:



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Wage Inflation	3 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.5 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

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

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

*Discount Rate* The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

*Sensitivity of the 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.

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	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$4,102,622	\$2,994,882	\$2,065,466

Actuarial Assumptions - STRS

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

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

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

Actuarial assumptions used in the 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:

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

\*10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the

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above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

*Sensitivity of the 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:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's proportionate share of the net pension liability	\$17,102,748	\$12,011,825	\$7,697,692

**Note 9 – Defined Benefit OPEB Plans**

See note 8 for a description of the net OPEB liability

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](http://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.

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*Funding Policy* – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District’s surcharge obligation was \$31,967.

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 \$31,967 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 will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

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

The net OPEB liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the cash basis framework.

Net OPEB Liability (Asset)

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) 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>
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.04686630%	0.05002592%	
Proportion of the Net OPEB Liability			
Current Measurement Date	<u>0.04591050%</u>	<u>0.04964294%</u>	
Change in Proportionate Share	<u>-0.00095580%</u>	<u>-0.00038298%</u>	
Proportionate Share of the Net			
OPEB Liability	\$997,785	\$0	\$997,785
Proportionate Share of the Net			
OPEB Asset	\$0	(\$872,474)	(\$872,474)

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Actuarial Assumptions - SERS

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

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

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

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

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

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market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

*Discount Rate* The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
District's proportionate share of the net OPEB liability	\$1,221,265	\$997,785	\$820,120

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	1% Decrease (6.00 % decreasing to 3.75%)	Current Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.0 % decreasing to 5.75%)
District's proportionate share of the net OPEB liability	\$785,680	\$997,785	\$1,281,425

Actuarial Assumptions – STRS

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

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

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

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

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

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

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:

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

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

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
District's proportionate share of the net OPEB asset	(\$759,109)	(\$872,474)	(\$968,660)
		<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB asset	(\$962,689)	(\$872,474)	(\$762,578)

**Note 10 – Jointly Governed Organizations**

Gallia-Jackson-Vinton Joint Vocational School District

The Gallia-Jackson-Vinton Joint Vocational School (Joint Vocational School) is a jointly governed organization providing vocational services to its six participating school districts. The Joint Vocational School is governed by a Board of Education comprised of nine members appointed by the participating schools. The board controls the financial activity of the Joint Vocational School and reports to the Ohio Department of Education and the Auditor of



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State of Ohio. The continued existence of the Joint Vocational School is not dependent on the District's continued participation and no equity interest exists. To obtain financial information, write to the Gallia-Jackson-Vinton Joint Vocational School, P.O. Box 157, Rio Grande, Ohio 45674.

Metropolitan Educational Technology Association

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

The governing board of META consists of a president, vice president and six board members who represent the members of META. The board works with META's Chief Executive Officer, Chief Operating Officer, an Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting and designating management. Each member's degree of control is limited to its representation on the Board. The District paid META \$181,645 for services provided during the fiscal year. Financial information can be obtained from Ashley Widby, Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization composed of over 130 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The board exercised total control over the operations of CORAS including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the board. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2021, the District made a payment of \$325 for a membership fee. Financial information may be obtained from the Coalition of Rural and Appalachian Schools at Lindley Hall Room 200, Ohio University, Athens, Ohio 45701.

The Ohio Coalition of Equity and Adequacy of School Funding

The Ohio Coalition of Equity and Adequacy of School Funding is organized as a council of governments pursuant to Chapter 167 of the Ohio Revised Code. The Coalition was organized in 1990 to challenge the constitutionality of the Ohio school funding system. The Coalition is governed by a Steering Committee of 90 school district representatives. Though most of the members are superintendents, some treasurers, board members, and administrators also serve. Several persons serve as ex officio members. The membership of the coalition includes over 500 school districts throughout the State of Ohio. The Committee exercises total control over budgeting, appropriating, contracting, and the designation of management. Member school districts and joint vocational schools pay dues of \$.05 per pupil. School districts and joint vocational schools may also pay supplemental dues in the amount of \$.50 per pupil for K-12 districts and educational service centers pay dues of \$.05 per pupil. The Coalition is not dependent on the continued participation of the District and the District does not maintain an equity interest or financial responsibility for the Coalition. In June of 2020, the District paid \$582 to the Coalition for fiscal year 2021 membership fees. To obtain financial information write to Ohio Coalition of Equity and Adequacy of School Funding at 100 South Third Street, Columbus, Ohio 43215.

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South Central Ohio Educational Service Center

The South Central Ohio Educational Service Center is a jointly governed organization providing educational services to thirteen participating school districts. The Educational Service Center is governed by a board of education comprised of seven members elected at large. The board controls the financial activity of the Educational Service Center and reports to the Ohio Department of Education and the Auditor of State. The continued existence of the Educational Service Center is not dependent on the District's continued participation and no equity interest exists. During fiscal year 2021, the District paid the Educational Service Center \$364,871 for various services. To obtain financial information, write to the South Central Ohio Educational Service Center, 522 Glenwood Avenue, New Boston, Ohio 45662.

Gallia-Vinton Educational Service Center

The Gallia-Vinton Educational Service Center is a jointly governed organization providing educational services to its two participating school districts. The Educational Service Center is governed by a board of education comprised of eight members appointed by the participating schools. The board controls the financial activity of the Educational Service Center and reports to the Ohio Department of Education and the Auditor of State. The continued existence of the Educational Service Center is not dependent on the District's continued participation and no equity interest exists. During fiscal year 2021, the District paid the Educational Service Center \$183,969 for various services. To obtain financial information, write to the Gallia-Vinton Educational Service Center, P.O. Box 178, Rio Grande, Ohio 45674.

Ohio School Plan

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

**Note 11 – Insurance Purchasing Pools**

Jefferson Health Plan

The District is a participant with several other school districts in an insurance purchasing pool to operate the Jefferson Health Plan. The Jefferson Health Plan was formed for the purpose of providing insurance. The Jefferson Health Plan is governed by a Board of Directors consisting of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board.

Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program

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

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**Note 12 – Statutory Set-Asides**

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

	Capital Acquisition
Set-Aside Balance as of June 30, 2020	\$0
Current Year Set-Aside Requirement	217,177
Current Year Offsets	(109,761)
Qualifying Disbursements	(107,416)
Set-Aside Balance Carried Forward to Further Fiscal Years	\$0
Set-Aside Balance as of June 30, 2021	\$0

The District had offsets during the year that reduced the set-aside amount to zero in the capital acquisition set-aside. The carryover amount in the capital acquisition set-aside is limited to the balance of the offsets attributed to bond or tax levy proceeds. The District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$3,699,460 at June 30, 2021.

**Note 13 - Contingencies**

Grants

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

Litigation

The District is not currently party to legal proceedings.

State Foundation Funding

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2021 are 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 and ODE believe this may result in either an additional receivable to, or a liability of, the District. As of the date of this report, the District received \$3,244 from ODE, based on preliminary results.

**Note 14 - Compliance**

Although required by Ohio Administrative Code Section 117-2-03(B) to prepare its financial report in accordance with accounting principles generally accepted in the United States of America (GAAP), the District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. This is not in compliance with Ohio law.

**Oak Hill Union Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**Note 15 – Interfund Activity**

Interfund Transfers

Transfers made during the year ended June 30, 2021 were as follows:

	Transfers In	Transfers Out
<i>Major Funds</i>		
General	\$0	\$1,053,639
Permanent Improvement	1,050,000	0
 <i>Non-Major Fund</i>		
Latch Key	3,639	0
<b>Total</b>	<b>\$1,053,639</b>	<b>\$1,053,639</b>

Transfers were made from the general fund to the permanent improvement capital projects fund to provide funds for ongoing projects and to the latch key non-major special revenue fund to subsidize operations.

Interfund Advances

Advances made during the year ended June 30, 2021 were as follows:

	Advance In	Advance Out
<i>Major Fund</i>		
General	\$0	\$160,000
 <i>Non-Major Fund</i>		
Food Service	160,000	0
<b>Total</b>	<b>\$160,000</b>	<b>\$160,000</b>

Outstanding advances due from the food service fund to the general fund, including those outstanding from prior years, total \$340,250.

**Note 16 – Fund Balance**

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

**Oak Hill Union Local School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2021

	General	Permanent Improvement	Non-Major Governmental Funds	Total Governmental Funds
<i>Restricted for</i>				
Food Service Operations	\$0	\$0	\$898	\$898
Other Purposes	0	0	2,138,423	2,138,423
Construction	0	0	1,308,528	1,308,528
Classroom Facilities	0	0	1,045,103	1,045,103
District Managed Activities	0	0	58,464	58,464
Debt Service Payments	0	0	531,431	531,431
<i>Total Restricted</i>	0	0	5,082,847	5,082,847
<i>Committed to</i>				
Capital Projects	0	0	26,390	26,390
Severance Payments	1,406,562	0	0	1,406,562
<i>Total Committed</i>	1,406,562	0	26,390	1,432,952
<i>Assigned to</i>				
Capital Projects	0	3,248,111	0	3,248,111
Public School Support	44,061	0	0	44,061
Other Purposes	169,511	0	0	169,511
<i>Total Assigned</i>	213,572	3,248,111	0	3,461,683
<i>Unassigned (Deficit)</i>	8,975,985	0	(160,105)	8,815,880
<i>Total Fund Balances</i>	<u>\$10,596,119</u>	<u>\$3,248,111</u>	<u>\$4,949,132</u>	<u>\$18,793,362</u>

**Note 17 – Significant Commitments**

Encumbrances

At June 30, 2021, the District had significant encumbrance commitments in the governmental funds as follows:

<i>Major Funds</i>	
General	\$169,511
Permanent Improvement	883,252
<i>Non-Major Fund</i>	
Classroom Facilities Maintenance	64,078

Contractual Commitments

The District has the following significant contractual commitments outstanding at June 30, 2021:

Contractor (Contract)	Contract Amount	Amount Paid	Remaining
Fieldturf USA Inc (Turf Replacement)	\$401,653	\$0	\$401,653
Vasco Asphalt Company Inc (Track replacement)	340,000	0	340,000

**Oak Hill Union Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**Note 18 – Accountability**

At June 30, 2021, the District had the following deficit fund balances:

Early Childhood Education	\$6,825
ESSER	34,141
Coronavirus Relief	8,443
Title VI-B	24,138
Title I	42,494
Title II-A	4,018
Preschool	2,543
Miscellaneous Federal Grants	37,503

These deficits occurred as a result of spending of grant funds prior to processing requests for reimbursement.

**Note 19 - COVID 19**

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

During fiscal year 2021, the District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding; \$83,927 was received from Coronavirus Relief Funds and \$284,935 was received from Elementary and Secondary School Emergency Relief Funds. The District did not subgrant any of its funds, nor were funds spent on behalf of other organizations. The District did not return any funding to the grantor agency during fiscal year 2021. The District has not received significant donated personal protective equipment as an on-behalf of grant from another government.

**Note 20 – New Accounting Principles and Restatement of Balances**

For fiscal year 2021, the District implemented GASB Statement No. 84, “Fiduciary Activities” and related guidance from (GASB) Implementation Guide No. 2019-2, “Fiduciary Activities.” GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. The District reviewed its agency funds and determined that they should be reclassified as governmental funds. These fund reclassifications resulted in the restatement of the District’s financial statements.

**Restatement of Fund Balances and Net Position**

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

	Non-Major Governmental Funds
Fund Balance, As Reported, June 30, 2020	\$3,322,695
<i>Adjustments:</i>	
GASB 84	1,060,007
Fund Balance, As Restated, July 1, 2020	\$4,382,702

**Oak Hill Union Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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

	Governmental Activities
Net Position, As Reported, June 30, 2020	\$16,732,526
<i>Adjustments:</i>	
GASB 84	1,060,007
Net Position, As Restated, July 1, 2020	\$17,792,533

The implementation of GASB Statement No. 84 had the following effect on fiduciary net position as of June 30, 2021:

	Fiduciary Funds	
	Agency	Private Purpose Trust
Net Position, As Reported, June 30, 2020	\$61,512	\$998,495
<i>Adjustments:</i>		
GASB 84	(61,512)	(998,495)
Net Position, As Restated, July 1, 2020	\$0	\$0

**Note 21 – Subsequent Event**

For fiscal year 2022, School District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the educating school. For fiscal year 2021, the District reported \$1,142,208 in revenues and expenditures/expenses related to these programs. Also during fiscal year 2021, the District reported \$986,774 in tuition and fees from the resident school districts which will be direct funded to the District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique “per-pupil local capacity amount” for each school district. The District’s state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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**OAK HILL UNION LOCAL SCHOOL DISTRICT  
JACKSON COUNTY**

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

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	2020/2021	\$46,864
Cash Assistance:			
School Breakfast Program	10.553	2020/2021	123,057
COVID-19 School Breakfast Program	10.553	2020	32,142
COVID-19 National School Lunch Program	10.555	2020	42,992
National School Lunch Program	10.555	2020/2021	<u>249,984</u>
Cash Assistance Subtotal:			448,175
Total Child Nutrition Cluster			495,039
Total U.S. Department of Agriculture			495,039
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Coronavirus Relief Fund - Broadband Connectivity	21.019	2021	11,270
Coronavirus Relief Fund - Rural and Small Town	21.019	2021	<u>81,100</u>
Total Coronavirus Relief Fund			92,370
Title I Grants to Local Educational Agencies	84.010A	2020 2021	81,161 <u>341,445</u>
Total Title I Grants to Local Educational Agencies			422,606
Special Education Cluster:			
Special Education - Grants to States	84.027A	2020 2021	19,161 <u>249,178</u>
Total Special Education - Grants to States			268,339
Special Education - Preschool Grant	84.173A	2020 2021	10,184 <u>2,543</u>
Total Special Education - Preschool Grant			<u>12,727</u>
Total Special Education Cluster			281,066
Twenty-First Century Community Learning Centers	84.287C	2021	168,934
Title V-B Rural and Low-Income	84.358	2021	37,500
Supporting Effective Instruction State Grants	84.367A	2020 2021	7,351 <u>53,173</u>
Total Supporting Effective Instruction State Grants			60,524
COVID-19 Education Stabilization Fund	84.425D	2021	319,077
Total U.S. Department of Education			<u>1,382,077</u>
<b>Total Expenditures of Federal Awards</b>			<b><u><u>\$1,877,116</u></u></b>

*The accompanying notes are an integral part of this Schedule.*

**OAK HILL UNION LOCAL SCHOOL DISTRICT  
JACKSON 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 Oak Hill Union 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, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

**NOTE F - 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:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$ 32,222
Expanding Opportunities for Each Child	84.010A	8,548
Student Support and Academic Enrichment	84.424	55,156
Rural Education	84.358	6,673
21st Century	84.287	31,066

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
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(800) 282-0370

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

Oak Hill Union Local School District  
Jackson County  
205 Western Avenue  
Oak Hill, Ohio 45656

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 Oak Hill Union Local School District, Jackson 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 9, 2022, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles. We also noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement 84, *Fiduciary Activities*. In addition, we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the 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 District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 9, 2022

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
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(800) 282-0370

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

Oak Hill Union Local School District  
Jackson County  
205 Western Avenue  
Oak Hill, Ohio 45656

To the Board of Education:

### ***Report on Compliance for each Major Federal Program***

We have audited the Oak Hill Union Local School District's, Jackson 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 each of the Oak Hill Union Local School District's major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the District's major federal programs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

### ***Opinion on each Major Federal Program***

In our opinion, the Oak Hill Union Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs 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 9, 2022

**OAK HILL UNION LOCAL SCHOOL DISTRICT  
JACKSON COUNTY**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b> <ul style="list-style-type: none"> <li>• Child Nutrition Cluster Assistance Listing - #10.553 &amp; #10.555</li> <li>• Title I Grants to Local Educational Agencies Assistance Listing - #84.010</li> </ul>	
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	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).

OAK HILL UNION LOCAL SCHOOL DISTRICT  
JACKSON 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:** Not cost effective.

**3. FINDINGS FOR FEDERAL AWARDS**

None.



**Dr. Marci Shepard**  
Superintendent



**Rhonda D. Harrison**  
Treasurer

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

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2021-001	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.	Not Cost Effective.

**Oak Hill Union Local School District**

205 Western Avenue, Oak Hill, OH 45656 740-682-7595

*Skills and Character for Success*

**Dr. Marci Shepard**  
Superintendent



**Rhonda D. Harrison**  
Treasurer

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**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:** Rhonda Harrison, Treasurer

**Oak Hill Union Local School District**  
205 Western Avenue, Oak Hill, OH 45656 740-  
682-7595

*Skills and Character for Success*

# OHIO AUDITOR OF STATE KEITH FABER



**OAK HILL UNION LOCAL SCHOOL DISTRICT**

**JACKSON 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](http://www.ohioauditor.gov)