



OHIO AUDITOR OF STATE  
**KEITH FABER**





**SHAWNEE LOCAL SCHOOL DISTRICT  
ALLEN COUNTY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Shawnee Local School District  
Allen County  
3255 Zurmehly Road  
Lima, Ohio 45806

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 Shawnee Local School District, Allen County, Ohio (the School District), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with 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 School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

**Opinion**

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

**Accounting Basis**

Ohio Administrative Code § 117-2-03(B) requires the School 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 3 to the financial statements, during fiscal year 2021, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

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

**Other Matters**

*Supplementary Information*

Our audit was conducted to opine on the financial statements taken as a whole.

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

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

*Other Information*

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our March 29, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 29, 2022

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**Shawnee Local School District**  
**Allen County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*(Unaudited)*

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

***Financial Highlights***

Key financial highlights for fiscal year 2021 are as follows:

- In total, net position decreased \$1,104,320, which was an 11 percent decrease from 2020 as restated (see Note 3).
- Outstanding debt decreased from \$701,524 in fiscal year 2020 to \$525,000 in the current year.

***Using this Annual Report***

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. For fiscal year 2021, the General Fund is the School District's most significant fund.

***Basis of Accounting***

The School District has elected to present its financial statements on the cash basis of accounting. This cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.

Essentially, the only asset reported on this strictly cash receipt and disbursement basis presentation in a Statement of Net Position will be cash and cash equivalents. The Statement of Activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and investments. 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.

**Shawnee Local School District**  
**Allen County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
(Unaudited)  
(Continued)

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***Reporting the School District as a Whole***

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The Statement of Net Position and the Statement of Activities answer this question.

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

In the Statement of Net Position and the Statement of Activities, governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities and food service operations.

***Reporting the School District's Most Significant Funds***

*Fund Financial Statements*

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Permanent Improvement Fund, and the Beatrice M. Guyton Fund.

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

***Reporting the School District's Fiduciary Responsibilities***

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

**Shawnee Local School District**  
**Allen County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*(Unaudited)*  
*(Continued)*

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**The School District as a Whole**

Table 1 provides a summary of the School District's net position for fiscal year 2021 compared to 2020.

**(Table 1)**  
**Net Position – Cash Basis**

	Governmental Activities		
	2021	Restated 2020	Change
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 9,044,843	\$ 10,149,163	\$(1,104,320)
<b>Net Position</b>			
Restricted for:			
Capital Outlay	\$ 950,597	\$ 468,124	\$ 482,473
Debt Service	3	5	(2)
Other Purposes	1,863,720	1,909,370	(45,650)
Unrestricted	6,230,523	7,771,664	(1,541,141)
<i>Total Net Position</i>	\$ 9,044,843	\$ 10,149,163	\$(1,104,320)

The decrease in pooled cash and unrestricted net position is due to a decrease in the general fund balance as a result of disbursements exceeding revenues during the fiscal year.

A portion of the School District's net position, \$2,814,320 represent resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net position may be used to meet the School District's ongoing obligations.

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**Shawnee Local School District**  
**Allen County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*(Unaudited)*  
*(Continued)*

Table 2 shows the changes in net position for fiscal year 2021 as compared to fiscal year 2020. The comparative column was not restated for the implementation of GASB 84.

**(Table 2)**  
**Changes in Net Position – Cash Basis**

	Governmental Activities		
	2021	2020	Change
<b>Receipts</b>			
<b>Program Receipts</b>			
Charges for Services and Sales	\$ 2,105,845	\$ 2,482,197	\$ (376,352)
Operating Grants, Contributions and Interest	3,355,401	2,033,449	1,321,952
Capital Grants and Contributions	8,282	6,967	1,315
<i>Total Program Receipts</i>	<u>5,469,528</u>	<u>4,522,613</u>	<u>946,915</u>
<b>General Receipts</b>			
Property Taxes	14,081,521	13,675,035	406,486
Grants and Entitlements not Restricted to Specific Programs	7,343,342	7,615,408	(272,066)
Insurance Recoveries	82,469	17,288	65,181
Investment Earnings	96,205	197,303	(101,098)
Miscellaneous	459,314	321,079	138,235
<i>Total General Receipts</i>	<u>22,062,851</u>	<u>21,826,113</u>	<u>236,738</u>
<i>Total Receipts</i>	<u>27,532,379</u>	<u>26,348,726</u>	<u>1,183,653</u>
<b>Program Disbursements</b>			
Instruction:			
Regular	11,724,420	11,315,340	409,080
Special	3,126,436	3,094,802	31,634
Vocational	46,697	49,894	(3,197)
Student Intervention Services	284,723	265,454	19,269
Other	2,006,063	1,764,184	241,879
Support Services:			
Pupils	1,620,450	1,560,163	60,287
Instructional Staff	865,131	932,305	(67,174)
Board of Education	98,647	43,494	55,153
Administration	1,838,660	1,841,535	(2,875)
Fiscal	575,936	575,073	863
Operation and Maintenance of Plant	2,927,313	3,042,510	(115,197)
Pupil Transportation	1,367,153	1,364,366	2,787
Central	72,302	66,113	6,189
Operation of Non-Instructional Services:			
Food Service Operations	827,423	795,238	32,185
Community Services	311,517	264,560	46,957
Extracurricular Activities	748,669	810,019	(61,350)
Capital Outlay	474	474	0
Debt Service:			
Principal Retirement	176,524	142,682	33,842
Interest and Fiscal Charges	18,161	21,497	(3,336)
<i>Total Program Disbursements</i>	<u>28,636,699</u>	<u>27,949,703</u>	<u>686,996</u>
<i>Change in Net Position</i>	(1,104,320)	(1,600,977)	496,657
<i>Net Position Beginning of Year</i>	10,149,163	8,884,345	1,264,818
<i>Restatement (See Note 3)</i>		1,264,818	
<i>Net Position End of Year</i>	<u>\$ 9,044,843</u>	<u>\$ 10,149,163</u>	<u>(1,104,320)</u>

**Shawnee Local School District**  
**Allen County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*(Unaudited)*  
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Operating grants increased primarily due to the School District's allocation from the Elementary and Secondary School Emergency Fund, the Coronavirus Relief Fund, and the school food service grant monies stemming from the Families First Coronavirus Response Act. This increase is offset by disbursements in the same funds related to the COVID-19 Pandemic. Additionally, disbursements continue to outpace receipts.

**Governmental Activities**

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

**(Table 3)**  
**Governmental Activities – Cash Basis**

	Total Costs of Services		Net Costs of Services	
	2021	2020	2021	2020
<b><i>Program Disbursements</i></b>				
Instruction:				
Regular	\$ 11,724,420	\$ 11,315,340	\$ 9,644,633	\$ 9,660,572
Special	3,126,436	3,094,802	1,884,320	1,947,056
Vocational	46,697	49,894	37,941	41,139
Student Intervention Services	284,723	265,454	284,723	260,069
Other	2,006,063	1,764,184	2,001,215	1,764,184
Support Services:				
Pupils	1,620,450	1,560,163	1,284,859	1,459,041
Instructional Staff	865,131	932,305	700,221	923,975
Board of Education	98,647	43,494	98,647	43,494
Administration	1,838,660	1,841,535	1,701,700	1,714,358
Fiscal	575,936	575,073	575,713	574,973
Operation and Maintenance of Plant	2,927,313	3,042,510	2,891,363	2,980,920
Pupil Transportation	1,367,153	1,364,366	1,309,463	1,340,299
Central	72,302	66,113	72,302	66,113
Operation of Non-Instructional Services:				
Food Service Operations	827,423	795,238	7,199	60,734
Community Services	311,517	264,560	2,182	(8,427)
Extracurricular Activities	748,669	810,019	475,869	434,372
Capital Outlay	474	474	136	39
Debt Service:				
Principal Retirement	176,524	142,682	176,524	142,682
Interest and Fiscal Charges	18,161	21,497	18,161	21,497
<b><i>Total</i></b>	<b><u>\$ 28,636,699</u></b>	<b><u>\$ 27,949,703</u></b>	<b><u>\$ 23,167,171</u></b>	<b><u>\$ 23,427,090</u></b>

The comparative columns were not restated for the implementation of GASB 84. Any differences are deemed immaterial for analysis purposes.

**Shawnee Local School District**  
**Allen County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*(Unaudited)*  
*(Continued)*

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The dependence upon tax revenues and general revenue entitlements from the state for governmental activities is apparent. Program revenues only account for 19 percent of all governmental expenses. The community is the largest area of support for the School District students.

***The School District's Funds***

The School District's governmental funds are accounted for using the cash basis of accounting.

The School District's governmental funds reported a combined fund balance of \$9,044,843, which is somewhat lower than the restated prior year balance of \$10,149,163.

The General Fund's balance decreased \$1,578,853 in fiscal year 2021. Despite the School District's conservative spending, disbursements still exceeded cash received into the General Fund. This resulted in a negative change in fund balance.

***General Fund Budgeting Highlights***

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

***Original Budget Compared to Final Budget*** During the course of fiscal year 2021, the school district made adjustments to its general fund budget for estimated receipts. Estimated disbursements were increased due to changes in employee benefits and required student services. There were no other significant changes between the original and final budgeted receipts, disbursements, and other financing sources and uses.

***Final Budget Compared to Actual Results*** For fiscal year 2021, there was a decrease between the final budgeted receipts and actual receipts due to a reduction in grant funding. There was also a decrease between the final budgeted disbursements and actual disbursements due to conservative spending.

***Debt Administration***

The School District had the following long-term obligations outstanding at June 30, 2021 and 2020.

**(Table 4)**  
**Outstanding Debt, at June 30**

	Governmental Activities	
	2021	2020
2013 HB264 Energy Conservation Note	\$ 525,000	\$ 600,000
2014 HB264 Energy Conservation Note	-	101,524
<i>Total</i>	\$ 525,000	\$ 701,524

For further information regarding the School District's debt, refer to Note 6 of the basic financial statements.

**Shawnee Local School District**  
**Allen County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*(Unaudited)*  
*(Continued)*

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***Current Issues***

The School District experienced deficit spending in its general fund of \$1,578,583 for fiscal year 2021. This represents an increase from the previous year's deficit in the amount of \$1,465,826.

Shawnee Local School District's General Fund receipts increased from fiscal year 2020. This increase was primarily the result of increased tax receipts and state funding. The historically low interest rate environment continues to depress returns on invested funds. The economic outlook appears as though rates will remain at low for fiscal year 2022.

Disbursements for the School District are consistent with industry standards. Staffing levels have remained constant, while retirements and cost controls implemented by the Allen County Health consortium maintain costs. As in all school districts, and vast majority of private enterprises, headcount related costs account for the highest percentage of expenditures. The School District spent approximately 76 percent of its annual budget on salaries, wages and benefits in fiscal year 2021.

In addition to the continuing millage from voted levies, Shawnee Local School District also receives receipts from two emergency levies. These consist of a ten year fixed amount levy for \$2,880,000 per year renewed in 2011, and a five year fixed amount levy for \$2,150,000 per year renewed in November 2018.

The School District continues to be a member in the Council of Allen County Schools Health Benefits Consortium. Membership consists of all local county school districts, the Apollo Career Center and the Allen County Educational Service Center. Its goal is to manage costs by providing quality care at a fair price to member districts. Experience to date has realized savings for district members due to lower than average increases in yearly health care premiums, seeing an increase of 4 percent in 2021.

All of the School District's buildings are more than 40 years old and their maintenance is a major concern to the Board of Education. It is critical that facilities are secure, safe, structurally and operationally sound; therefore a permanent improvement levy has been approved by the School District voters since the early 1970's. This levy generates approximately \$1,000,000 annually for the School District to be used exclusively for buildings, grounds, textbooks and buses.

In fiscal year 2015, the Maplewood Elementary building received a major upgrade to alleviate current leakage and infrastructure issues. The project consisted of new HVAC equipment (replacing the original 30 year old equipment), new roof, interior lighting, flooring and safety equipment. Project completion and payments were made in fiscal years 2016 - 2019 (resulting in an increase in Capital Outlay disbursements over the course of the project). This project was financed by a tax anticipation note against the Permanent Improvement levy proceeds.

Every effort is being made to identify ways to improve facilities without increasing the tax burden on local residents.

**Shawnee Local School District**  
**Allen County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*(Unaudited)*  
*(Continued)*

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***Contacting the School District's Financial Management***

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Chris Cross, Treasurer of Shawnee Local School District, 3255 Zurmehly Rd., Lima, Ohio 45806.



**Shawnee Local School District**  
**Allen County, Ohio**  
*Statement of Net Position - Cash Basis*  
*June 30, 2021*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 9,044,843</u>
<i>Total Assets</i>	<u>9,044,843</u>
<b>Net Position</b>	
Restricted for:	
Capital Outlay	950,597
Debt Service	3
Other Purposes	1,863,720
Unrestricted	<u>6,230,523</u>
<i>Total Net Position</i>	<u>\$ 9,044,843</u>

See accompanying notes to the basic financial statements

**Shawnee Local School District**  
**Allen County, Ohio**  
*Statement of Activities - Cash Basis*  
*For the Fiscal Year Ended June 30, 2021*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$ 11,724,420	\$ 1,707,321	\$ 371,936	\$ 530	\$ (9,644,633)
Special	3,126,436	74,341	1,167,775	-	(1,884,320)
Vocational	46,697	-	8,756	-	(37,941)
Student Intervention Services	284,723	-	-	-	(284,723)
Other	2,006,063	-	4,848	-	(2,001,215)
Support Services:					
Pupils	1,620,450	-	335,591	-	(1,284,859)
Instructional Staff	865,131	-	163,896	1,014	(700,221)
Board of Education	98,647	-	-	-	(98,647)
Administration	1,838,660	-	136,960	-	(1,701,700)
Fiscal	575,936	-	-	223	(575,713)
Operation and Maintenance of Plant	2,927,313	-	31,707	4,243	(2,891,363)
Pupil Transportation	1,367,153	-	55,449	2,241	(1,309,463)
Central	72,302	-	-	-	(72,302)
Operation of Non-Instructional Services:					
Food Service Operations	827,423	132,478	687,746	-	(7,199)
Community Services	311,517	240	309,095	-	(2,182)
Extracurricular Activities	748,669	191,465	81,304	31	(475,869)
Capital Outlay	474	-	338	-	(136)
Debt Service:					
Principal Retirement	176,524	-	-	-	(176,524)
Interest and Fiscal Charges	18,161	-	-	-	(18,161)
<i>Totals</i>	<u>\$ 28,636,699</u>	<u>\$ 2,105,845</u>	<u>\$ 3,355,401</u>	<u>\$ 8,282</u>	<u>\$ (23,167,171)</u>

**General Receipts**

Property Taxes Levied for:	
General Purposes	13,099,897
Capital Outlay	981,624
Grants and Entitlements not Restricted to Specific Programs	7,343,342
Insurance Recoveries	82,469
Investment Earnings	96,205
Miscellaneous	459,314
<i>Total General Receipts</i>	<u>22,062,851</u>
<i>Change in Net Position</i>	(1,104,320)
<i>Net Position Beginning of Year (Restated, See Note 3)</i>	<u>10,149,163</u>
<i>Net Position End of Year</i>	<u>\$ 9,044,843</u>

See accompanying notes to the basic financial statements

**Shawnee Local School District**  
**Allen County, Ohio**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*June 30, 2021*

	General	Beatrice M. Gutyon Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 6,268,243	\$ 1,190,952	\$ 950,597	\$ 635,051	\$ 9,044,843
<i>Total Assets</i>	<u>\$ 6,268,243</u>	<u>\$ 1,190,952</u>	<u>\$ 950,597</u>	<u>\$ 635,051</u>	<u>\$ 9,044,843</u>
<b>Fund Balances</b>					
Nonspendable	\$ 6,093	\$ -	\$ -	\$ -	\$ 6,093
Restricted	-	1,190,952	950,597	666,676	2,808,225
Committed	300,000	-	-	-	300,000
Assigned	5,899,023	-	-	-	5,899,023
Unassigned	63,127	-	-	(31,625)	31,502
<i>Total Fund Balances</i>	<u>\$ 6,268,243</u>	<u>\$ 1,190,952</u>	<u>\$ 950,597</u>	<u>\$ 635,051</u>	<u>\$ 9,044,843</u>

See accompanying notes to the basic financial statements

**Shawnee Local School District**  
**Allen County, Ohio**  
*Statement of Receipts, Disbursements and Change*  
*in Fund Balances - Cash Basis - Governmental Funds*  
*For the Fiscal Year Ended June 30, 2021*

	General	Beatrice M. Guyton Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$ 13,099,897	\$ -	\$ 981,624	\$ -	\$ 14,081,521
Intergovernmental	7,819,549	-	115,951	2,735,760	10,671,260
Investment Income	96,205	15,139	8,282	6,074	125,700
Tuition and Fees	1,776,667	-	-	-	1,776,667
Extracurricular Activities	19,301	-	-	174,091	193,392
Gifts and Donations	10,787	-	-	44,617	55,404
Charges for Services	-	-	-	130,791	130,791
Rent	4,995	-	-	-	4,995
Miscellaneous	364,620	-	40,000	5,560	410,180
<i>Total Receipts</i>	<u>23,192,021</u>	<u>15,139</u>	<u>1,145,857</u>	<u>3,096,893</u>	<u>27,449,910</u>
<b>Disbursements</b>					
Current:					
Instruction:					
Regular	11,308,056	-	42,469	373,895	11,724,420
Special	2,509,576	-	-	616,860	3,126,436
Vocational	46,697	-	-	-	46,697
Student Intervention Services	279,875	-	-	4,848	284,723
Other	2,006,063	-	-	-	2,006,063
Support Services:					
Pupils	1,283,211	-	-	337,239	1,620,450
Instructional Staff	619,515	-	81,194	164,422	865,131
Board of Education	98,647	-	-	-	98,647
Administration	1,707,159	-	-	131,501	1,838,660
Fiscal	558,072	-	17,864	-	575,936
Operation and Maintenance of Plant	2,540,061	-	339,860	47,392	2,927,313
Pupil Transportation	1,141,497	-	179,497	46,159	1,367,153
Central	72,302	-	-	-	72,302
Extracurricular Activities	487,539	-	2,500	258,630	748,669
Operation of Non-Instructional Services:					
Food Service Operations	390	-	-	827,033	827,423
Community Services	-	19,464	-	292,053	311,517
Capital Outlay	-	-	-	474	474
Debt Service:					
Principal Retirement	-	-	-	176,524	176,524
Interest and Fiscal Charges	-	-	-	18,161	18,161
<i>Total Disbursements</i>	<u>24,658,660</u>	<u>19,464</u>	<u>663,384</u>	<u>3,295,191</u>	<u>28,636,699</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,466,639)</u>	<u>(4,325)</u>	<u>482,473</u>	<u>(198,298)</u>	<u>(1,186,789)</u>
<b>Other Financing Sources (Uses)</b>					
Insurance Recoveries	82,469	-	-	-	82,469
Transfers In	-	-	-	194,683	194,683
Transfers Out	(194,683)	-	-	-	(194,683)
<i>Total Other Financing Sources (Uses)</i>	<u>(112,214)</u>	<u>-</u>	<u>-</u>	<u>194,683</u>	<u>82,469</u>
<i>Net Change in Fund Balances</i>	<u>(1,578,853)</u>	<u>(4,325)</u>	<u>482,473</u>	<u>(3,615)</u>	<u>(1,104,320)</u>
<i>Fund Balances Beginning of Year (Restated, See Note 3)</i>	<u>7,847,096</u>	<u>1,195,277</u>	<u>468,124</u>	<u>638,666</u>	<u>10,149,163</u>
<i>Fund Balances End of Year</i>	<u>\$ 6,268,243</u>	<u>\$ 1,190,952</u>	<u>\$ 950,597</u>	<u>\$ 635,051</u>	<u>\$ 9,044,843</u>

See accompanying notes to the basic financial statements

**Shawnee Local School District**  
**Allen County, Ohio**  
*Statement of Receipts, Disbursements and Change*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$ 12,713,887	\$ 13,099,897	\$ 13,099,897	\$ -
Intergovernmental	7,955,489	7,972,259	7,770,415	(201,844)
Investment Income	189,783	99,783	96,205	(3,578)
Tuition and Fees	1,545,399	1,568,046	1,658,078	90,032
Extracurricular Activities	-	250	1,089	839
Gifts and Donations	2,285	2,285	150	(2,135)
Charges for Services	9,386	9,386	-	(9,386)
Rent	5,645	5,645	4,995	(650)
Miscellaneous	74,496	74,996	75,941	945
<i>Total Receipts</i>	<u>22,496,370</u>	<u>22,832,547</u>	<u>22,706,770</u>	<u>(125,777)</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	11,673,570	11,842,276	11,195,274	647,002
Special	2,174,892	2,649,353	2,511,210	138,143
Vocational	46,697	69,697	69,151	546
Student Intervention Services	-	290,867	279,927	10,940
Other	2,051,413	2,017,446	2,006,167	11,279
Support Services:				
Pupils	1,771,612	1,597,381	1,297,269	300,112
Instructional Staff	734,089	853,970	662,490	191,480
Board of Education	124,079	177,033	113,907	63,126
Administration	1,806,613	1,825,736	1,708,903	116,833
Fiscal	581,672	603,383	570,333	33,050
Operation and Maintenance of Plant	3,092,985	3,166,963	2,635,254	531,709
Pupil Transportation	1,529,265	1,467,525	1,157,929	309,596
Central	69,106	73,540	72,328	1,212
Extracurricular Activities	528,988	554,087	440,070	114,017
Operation of Non-Instructional Services:				
Food Service Operations	196	390	390	-
<i>Total Disbursements</i>	<u>26,185,177</u>	<u>27,189,647</u>	<u>24,720,602</u>	<u>2,469,045</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,688,807)</u>	<u>(4,357,100)</u>	<u>(2,013,832)</u>	<u>2,343,268</u>
<b>Other Financing Sources (Uses)</b>				
Refund of Prior Year Disbursements	317,170	317,170	316,299	(871)
Insurance Recoveries	17,288	152,288	82,469	(69,819)
Transfers Out	(160,963)	(194,683)	(194,683)	-
<i>Total Other Financing Sources (Uses)</i>	<u>173,495</u>	<u>274,775</u>	<u>204,085</u>	<u>(70,690)</u>
<i>Net Change in Fund Balance</i>	(3,515,312)	(4,082,325)	(1,809,747)	2,272,578
<i>Fund Balance Beginning of Year</i>	7,038,146	7,038,146	7,038,146	-
Prior Year Encumbrances Appropriated	424,218	424,218	424,218	-
<i>Fund Balance End of Year</i>	<u>\$ 3,947,052</u>	<u>\$ 3,380,039</u>	<u>\$ 5,652,617</u>	<u>\$ 2,272,578</u>

See accompanying notes to the basic financial statements

**Shawnee Local School District**  
**Allen County, Ohio**  
*Statement of Receipts, Disbursements and Change*  
*In Fund Balance - Budget and Actual (Budget Basis)*  
*Beatrice M. Guyton Fund*  
*For the Fiscal Year Ended June 30, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Investment Income	20,262	20,262	15,139	(5,123)
<i>Total Receipts</i>	<u>20,262</u>	<u>20,262</u>	<u>15,139</u>	<u>(5,123)</u>
<b>Disbursements</b>				
Current:				
Operation of Non-Instructional Services:				
Community Services	10,688	19,512	19,493	19
<i>Total Disbursements</i>	<u>10,688</u>	<u>19,512</u>	<u>19,493</u>	<u>19</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>9,574</u>	<u>750</u>	<u>(4,354)</u>	<u>(5,104)</u>
<i>Net Change in Fund Balance</i>	9,574	750	(4,354)	(5,104)
<i>Fund Balance Beginning of Year</i>	<u>1,195,278</u>	<u>1,195,278</u>	<u>1,195,278</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 1,204,852</u>	<u>\$ 1,196,028</u>	<u>\$ 1,190,924</u>	<u>\$ (5,104)</u>

See accompanying notes to the basic financial statements

**Shawnee Local School District**  
**Allen County, Ohio**  
*Statement of Fiduciary Net Position - Cash Basis*  
*Fiduciary Fund*  
*June 30, 2021*

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	<u>Custodial</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 0</u>
<i>Total Assets</i>	<u><u>\$ 0</u></u>
<b>Net Position</b>	
Restricted for Individuals, Organizations, and Other Governments	<u>0</u>
<i>Total Net Position</i>	<u><u>\$ 0</u></u>

See accompanying notes to the basic financial statements

**Shawnee Local School District**  
**Allen County, Ohio**  
*Statement of Change in Fiduciary Net Position - Cash Basis*  
*Fiduciary Fund*  
*For the Fiscal Year Ended June 30, 2021*

	Custodial
<b>Additions</b>	
Extracurricular Amounts Collected for Other Organizations	\$ 5,790
<i>Total Additions</i>	5,790
 <b>Deductions</b>	
Extracurricular Distributions to Other Organizations	5,790
<i>Total Deductions</i>	5,790
<i>Change in Net Position</i>	0
<i>Net Position Beginning of Year</i>	0
<i>Net Position End of Year</i>	\$ 0



**Shawnee Local School District**  
**Allen County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Shawnee Local School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally elected, five-member Board. The School District provides educational services as authorized by its charter or further mandated by state and/or federal agencies. The School District is located in Allen and Auglaize Counties, and includes portions of Shawnee and American Townships.

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

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

The following activities are included within the reporting entity:

Parochial Schools – Within the School District boundaries, Lima Central Catholic High School and St. Charles Elementary School are operated through the Toledo Catholic Diocese. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools. The activities of these State monies by the School District are reflected in a special revenue fund for financial reporting purposes.

The School District is associated with two jointly governed organizations and an insurance pool. These organizations include the Northwest Ohio Area Computer Services Cooperative, the Apollo Career Center and the Council of Allen County Schools Health Benefits Consortium. Information about these organizations is presented in Notes 13 and 14 of the basic financial statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.A., these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District’s accounting policies.

**Shawnee Local School District**  
**Allen County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*  
*(Continued)*

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**A. Basis of Accounting**

Although required by Ohio Administrative Code Sections 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. This basis of accounting is similar to the cash receipts and disbursements 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). Differences between disbursements reported in the fund and entity-wide statements versus budgetary disbursements are due to encumbrances outstanding at the beginning and end of the fiscal year.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

**B. Basis of Presentation - Fund Accounting**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *Statement of Net Position* and *Statement of Activities* display information about the School District as a whole. The statements include all funds of the School District except for fiduciary funds.

The *Statement of Net Position* presents the financial condition of the governmental activities of the School District at year-end. The *Statement of Activities* presents a comparison between direct disbursements and program receipts for each program or function of the School District's governmental activities.

Direct disbursements are those that are specifically associated with a service, program or department, and therefore, clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the School District with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general resources of the School District. Governmental activities generally are financed through taxes, intergovernmental receipts, fees charged for goods or services and other non-exchange receipts.

FUND FINANCIAL STATEMENTS

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The focus of governmental financial statement is on major funds. Each major fund is presented in a single column. Fiduciary funds are reported by type.

**Shawnee Local School District**  
**Allen County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*  
*(Continued)*

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Fund financial statements of the School District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts and disbursements. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category.

A fund is considered major if it is the primary operating fund of the School District or meets the following criteria:

1. Total assets, receipts, or disbursements of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, receipts, or disbursements of the individual governmental fund are at least 5 percent of the corresponding total for all funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

Governmental funds are those through which all governmental functions of the School District are financed. The following are the School District's only major governmental funds:

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

Beatrice M. Guyton Fund – The Beatrice M. Guyton Fund accounts for and reports all financial resources that are restricted for expenditures on loans and scholarships to students.

Permanent Improvement Fund – The Permanent Improvement Fund accounts for and reports financial resources that are restricted to expenditures related to the acquiring, constructing or improving of School District property.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

Fiduciary Fund Types

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

**Shawnee Local School District**  
**Allen County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*  
*(Continued)*

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The School District's fiduciary fund is a custodial fund. The custodial fund is used to account for Ohio High School Athletic Association activity.

**C. Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The Allen County Budget Commission has waived the requirement that school districts adopt and submit a tax budget. In lieu of the tax budget, school districts are required to submit the five-year forecast, the current bond estimated fund balance, and bond amortization schedules. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the object level in the general fund and fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

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

**D. Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled in bank accounts. Monies for all funds, including proprietary funds, are maintained in these accounts or temporarily used to pool short term investments. Individual fund integrity is maintained through School District accounting records. Interest in the pool is presented as "equity in pooled cash and cash equivalents."

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as "equity in pooled cash and cash equivalents." Investments with an original maturity of more than three months that are not made from the pool are reported as investments. During fiscal year 2021, investments were limited to STAR Ohio, money market, and U.S. Government and Agencies Securities.

**Shawnee Local School District**  
**Allen County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*  
*(Continued)*

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

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2021 were \$96,205, which includes \$5,816 assigned from other School District funds.

**E. Capital Assets**

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements. Depreciation is not recorded on these capital assets.

**F. Accumulated Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

**G. Long-Term Debt**

Long-term debt arising from cash basis transactions of governmental funds is not reported as a liability on the cash basis financial statements. The debt proceeds are reported when cash is received and payment of principal and interest are reported as disbursements when paid.

**H. Intergovernmental Receipts**

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received. Federal and State reimbursement type grants are recorded as receipts when the grant is received.

**Shawnee Local School District**  
**Allen County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*  
*(Continued)*

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**I. Inventory and Prepaid Items**

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**J. Interfund Receivables/Payables**

During the course of normal operations, the School District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund through which resources are to be expended are recorded as transfers.
2. Reimbursements from one fund to another are treated as disbursements in the reimbursing fund and a reduction in disbursements in the reimbursed fund.

These transactions are not recorded as liabilities or assets in the accompanying financial statements. Additional details about the School District's interfund transactions are contained in Note 16 of the basic financial statements.

**K. Employer Contributions to Cost-Sharing Pension Plans**

The School District recognizes disbursements for employer contributions to cost-sharing plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for post-retirement health care benefits.

**L. Fund Balance**

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

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

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

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

**Shawnee Local School District**  
**Allen County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*  
*(Continued)*

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obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has, by resolution, authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

The School District applies restricted resources first when 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.

**M. Pensions and Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB (asset) 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 respective retirement plans. For this purpose, benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the benefit terms. The retirement plans report investments at fair value.

**NOTE 3 – Implementation of New Accounting Principles**

***Implementation of New Accounting Principles***

For the fiscal year ended June 30, 2021, the School District has (to the extent it applies to the cash basis of accounting) implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, GASB No. 90, Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61, and certain provisions of GASB Statement No. Statement No. 93, Replacement of Interbank Offered Rates.

GASB Statement No. 84 establishes 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 School District reviewed its funds for proper classification, and any fund reclassifications resulted in the restatement of the School District's financial statements (see below).

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

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

***Restatement of Net Position/Fund Balances***

The implementation of GASB 84 had the following effect on net position as reported June 30, 2020:

	<u>Governmental Activities</u>
Net Position, June 30, 2020	\$ 8,884,345
GASB Statement No. 84	1,264,818
Restated Net Position, June 30, 2020	<u>\$ 10,149,163</u>

The implementation of GASB 84 had the following effect on fund balance as reported June 30, 2020:

	<u>Beatrice M. Guyton Fund</u>	<u>Other Governmental Funds</u>
Fund Balance, June 30, 2020	\$ -	\$ 569,125
GASB Statement No. 84	1,195,277	69,541
Restated Fund Balance, June 30, 2020	<u>\$ 1,195,277</u>	<u>\$ 638,666</u>

The implementation of GASB 84 had the following effect on fiduciary net position as reported June 30, 2020:

	<u>Fiduciary Funds</u>	
	<u>Private Purpose Trust</u>	<u>Agency</u>
Net Position, June 30, 2020	\$ 1,216,447	\$ 48,371
GASB Statement No. 84	(1,216,447)	(48,371)
Restated Net Position, June 30, 2020	<u>\$ -</u>	<u>\$ -</u>

Due to the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting a beginning net cash position of \$0.



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**NOTE 4 – DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

1. United States treasury notes, bills, bonds, or other obligations or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage, Federal Home Loan Bank, and Federal Home Loan Mortgage Corporation. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio 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);

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

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 School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of 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.

**Cash on Hand** - At June 30, 2021 the School District had \$2,600 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Cash Equivalents."

**Deposits** At year-end, \$695,817 of the school's bank balance of \$1,234,178 was exposed to custodial credit risk.

**Custodial Credit Risk** Custodial credit risk for deposits is the risk that in the event of a bank failure, the School will not be able to recover deposits or collateral securities that are in possession of an outside party.

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

1. Eligible securities pledged to the School 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
2. 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 required 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.

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***Investments***

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

	Credit Rating	Measurement Value	% of Total Investments	Maturities	
				< 1 year	1 - 3 years
Cost:					
Federal Farm Credit Bank	AA+	\$ 1,174,921	14.82%	\$ 575,115	\$ 599,806
Federal National Mortgage Association	AA+	2,161,362	27.27%	-	2,161,362
Federal Home Loan Bank	AA+	1,297,498	16.37%	-	1,297,498
Federal Home Loan Mortgage Corporation	AA+	650,000	8.20%	-	650,000
US Treasury Note	AA+	623,413	7.87%	-	623,413
Net Asset Value (NAV):					
STAR Ohio	AAAm	2,018,337	25.47%	2,018,337	-
<b>Total Investments</b>		<b>\$ 7,925,531</b>	<b>100.00%</b>	<b>\$ 2,593,452</b>	<b>\$ 5,332,079</b>

***Interest Rate Risk***

The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchases of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District’s investment policy addresses interest rate risk by requiring that the School District’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations.

***Credit Risk***

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District’s policy allows the Treasurer to invest in those investments authorized by the Ohio Revised Code, and places additional limitations with amounts authorized for investment in certain types.

The School District had investments in US Government/Agency Bonds and Treasury Notes, including securities in Federal Farm Credit Bank, Federal National Mortgage Association, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and STAR Ohio. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2021, is 54 days.

***Concentration Risk***

The School District places no limit on the amount the School District may invest in any one issuer, however State statute limits investments in commercial paper and bankers' acceptances to 40 percent of the interim monies available for investment at any one time. The percentage of the School District’s total investment that each investment represents, are listed in the table at the top of this page.

**NOTE 5 – PROPERTY TAXES**

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

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

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

The School District receives property taxes from Allen and Auglaize Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2020 Second-Half Collections		2021 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$ 349,783,210	74%	\$ 352,044,670	73%
Industrial/Commercial	70,247,560	15%	71,146,680	15%
Public Utility	51,310,550	11%	57,021,070	12%
Total Assessed Value	\$ 471,341,320	100%	\$ 480,212,420	100%
Tax Rate per \$1,000 of Assessed Valuation	\$35.13		\$35.39	

**NOTE 6 – DEBT OBLIGATIONS**

Debt obligations of the School District at June 30, 2021 consisted of the following:

	Principal Outstanding 06/30/20	Additions	Reductions	Principal Outstanding 06/30/21	Due Within One Year
<b>Direct Borrowings:</b>					
HB264 Energy Conservation Note - 2013	\$ 600,000	\$ -	\$ 75,000	\$ 525,000	\$ 75,000
HB264 Energy Conservation Note - 2014	101,524	-	101,524	-	-
<i>Total</i>	\$ 701,524	\$ -	\$ 176,524	\$ 525,000	\$ 75,000

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**HB264** - In July 2006, the School District received an \$845,157 unvoted general obligation note from Honeywell Global Finance for the purpose of providing energy conservation measures for the School District under HB264. The note was issued for a fifteen year period with final maturity July 1, 2021. The note was retired in April 2014 with the issuance of HB264 2014, see below for additional details. The note was retired from the Debt Service Fund.

In July 2013, the School District received a \$1,115,811 unvoted general obligation note from JPMorgan Chase Bank for the purpose of providing energy conservation measures for the School District under HB264. The note was issued for a fifteen year period with final maturity June 15, 2028. Semi-annual payments of \$37,500, including interest of 2.75 percent, will be made throughout the term of the note. The note is being retired from the Debt Service Fund.

In April 2014, the School District received a \$473,775 unvoted general obligation note from JPMorgan Chase Bank to provide a refinance for the benefit of reduced interest rates, of the outstanding principal balance of the 2006 HB264 note. The note was issued for a seven year period with final maturity July 1, 2021. Semi-annual payments of \$33,841, including interest of 2.27 percent, will be made throughout the term of the note. The note was retired during fiscal year 2021 from the Debt Service Fund.

The notes are a limited tax general obligation of the School District payable from any lawfully available funds. Unless paid from other sources, the notes will be payable from ad valorem property taxes within the ten-mill limit.

Principal and interest requirements for payment of debt obligations as of June 30, 2021 are as follows:

Fiscal Year Ending June 30,	HB264	Interest	Total
2022	\$ 75,000	\$ 13,922	\$ 88,922
2023	75,000	11,860	86,860
2024	75,000	9,797	84,797
2025	75,000	7,734	82,734
2026	75,000	5,672	80,672
2027-2028	150,000	5,157	155,157
Total	<u>\$ 525,000</u>	<u>\$ 54,142</u>	<u>\$ 579,142</u>

**NOTE 7 – OPERATING LEASES**

In February 2021, the School District entered into a new lease agreement with TEQ Lease for the rental of chromebooks. The new agreement is for the duration of 5 years at \$42,719 per year. The initial payment was made from the Permanent Improvement Fund.

In March 2021, the School District revised the rental agreement with Perry ProTech that had been entered into in June 2020 for the rental of copier equipment and supplies. The new agreement is for the remainder of the original 60 months at \$9,221 per month, an increase from \$8,831 per month. Monthly payments are made from the General Fund.

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**NOTE 8 – RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2021, the School District contracted with Ohio School Plan for property, liability and fleet insurance.

Professional liability and vehicles are also protected by Ohio School Plan, as well as cyber and pollution claims. Settled claims have not exceeded the commercial coverage in any of the past three years, nor has insurance coverage been significantly reduced since the prior year.

**B. Workers' Compensation**

For fiscal year 2021, the School District's Worker's Compensation managed care organization is Sheakley Uniservice, Inc. In calendar year 2021, the School District will participate in a Group Retrospective Rating program.

**C. Health Care Benefits**

The School District participates in the Allen County Schools Health Benefits Plan (the "Plan"), a public entity shared risk pool consisting of school districts within Allen County. The School District pays monthly premiums to the Plan for employee medical, dental, vision, and life insurance coverage. The Plan is responsible for the management and operations of the program. Upon withdrawal from the Plan, a participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**NOTE 9 - DEFINED BENEFIT PENSION PLANS**

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

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

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

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

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

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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 School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2021.

The School District's contractually required contribution to SERS was \$702,672 for fiscal year 2021.

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

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](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. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for actuarially reduced benefits will be



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phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll effective July 1, 2016. The County was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2021 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$1,601,424 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 independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share:

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	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.10016210%	0.09616610%	
Prior Measurement Date	0.10342480%	0.09689071%	
Change in Proportionate Share	<u>-0.00326270%</u>	<u>-0.00072461%</u>	
Proportionate Share of the Net Pension Liability	\$ 6,624,932	\$ 23,268,774	\$ 29,893,706

***Actuarial Assumptions - SERS***

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

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

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

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

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

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

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

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

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

**Discount Rate** Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

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

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	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 9,075,348	\$ 6,624,932	\$ 4,568,987

***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
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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

The actuarial assumptions used in the June 30, 2020 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2011, through June 30, 2016.

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

<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>	

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 33,130,684	\$ 23,268,774	\$ 14,911,628

**NOTE 10 - DEFINED BENEFIT OPEB PLANS**

The net OPEB liability (asset) 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.

See Note 9 for a description of the net OPEB liability (asset).

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$68,067.

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

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements were discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](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. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

***Net OPEB Liability (Asset)***

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

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	SERS	STRS
Proportion of the Net OPEB Liability (Asset):		
Current Measurement Date	0.10309400%	0.09616600%
Prior Measurement Date	0.10587500%	0.09689100%
Change in Proportionate Share	<u>-0.00278100%</u>	<u>-0.00072500%</u>
Proportionate Share of the Net OPEB Liability (Asset)	\$ 2,240,579	\$ (1,690,116)

***Actuarial Assumptions - SERS***

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

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

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

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

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

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

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

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

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

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

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2034.



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However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e., municipal bond rate).

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 2,742,402	\$ 2,240,579	\$ 1,841,614
		Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 1,764,278	\$ 2,240,579	\$ 2,877,494

***Actuarial Assumptions – STRS***

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

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

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

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

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

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

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (1,470,511)	\$ (1,690,116)	\$ (1,876,443)
	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (1,864,877)	\$ (1,690,116)	\$ (1,477,231)

**NOTE 11 – STATUTORY RESERVES**

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

The following cash basis information identifies the changes in the fund balance reserve for capital improvements during fiscal year 2021.

	Capital Maintenance Reserve
Set Aside Restricted Balance June 30, 2020	\$ 0
Current Year Set Aside Requirement	445,455
Current Year Offsets	(1,097,574)
Total	\$ (652,119)
Balance Carried Forward to Fiscal Year 2022	\$ 0
Set Aside Restricted Balance June 30, 2021	\$ 0

The School District had offsets attributed to tax levy proceeds during the fiscal year that reduced the set aside amount below zero in the capital maintenance reserve. This amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

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**NOTE 12 – FUND BALANCE**

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

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

	<u>General</u>	<u>Permanent Improvement Fund</u>	<u>Beatrice M. Guyton Fund</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
<b>Nonspendable for:</b>					
Unclaimed Monies	\$ 6,093	\$ -	\$ -	\$ -	\$ 6,093
<b>Restricted for:</b>					
Debt Service	-	-	-	3	3
Permanent Improvements	-	950,597	-	-	950,597
Nature Trail	-	-	-	16,617	16,617
Food Service Operations	-	-	-	468,391	468,391
Extracurricular	-	-	-	104,316	104,316
Student Scholarships	-	-	14,803	29,458	44,261
Student Loans	-	-	1,176,149	-	1,176,149
Educational Activities	-	-	-	37,846	37,846
Other Purposes	-	-	-	10,045	10,045
Total Restricted	-	950,597	1,190,952	666,676	2,808,225
<b>Committed for:</b>					
Future Severance Payments	300,000	-	-	-	300,000
Total Committed	300,000	-	-	-	300,000
<b>Assigned for:</b>					
Instruction	45,096	-	-	-	45,096
Support Services	197,944	-	-	-	197,944
Extracurricular	3,355	-	-	-	3,355
Subsequent Year Appropriations	5,652,628	-	-	-	5,652,628
Total Assigned	5,899,023	-	-	-	5,899,023
<b>Unassigned</b>	63,127	-	-	(31,625)	31,502
<b>Total Fund Balance</b>	<b>\$ 6,268,243</b>	<b>\$ 950,597</b>	<b>\$ 1,190,952</b>	<b>\$ 635,051</b>	<b>\$ 9,044,843</b>

For fiscal year 2021, the School District had the following deficit fund balances:

<u>Nonmajor Funds</u>	<u>Deficit</u>
ESSER Fund	\$ 6,955
IDEA Part B Special Education	19,098
Title I Disadvantaged Children	554
IDEA Preschool Grant	3,119
Improving Teacher Quality	1,899
<b>Total</b>	<b>\$ 31,625</b>

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**NOTE 13 – JOINTLY GOVERNED ORGANIZATIONS**

Northwest Ohio Area Computer Services Cooperative - The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (the “NOACSC”), which is a computer consortium. NOACSC is an association of School Districts within the boundaries of Allen, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member School Districts. The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member School Districts within each county. Financial information can be obtained from Ray Burden, who serves as Director, 4277 East Road, Elida, OH 45807.

Apollo Career Center - The Apollo Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the eleven participating School Districts’ elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Apollo Career Center, Maria Rellinger, who serves as Treasurer, at 3325 Shawnee Road, Lima, Ohio 45806.

**NOTE 14 – INSURANCE PURCHASING POOL**

Council of Allen County Schools Health Benefits Consortium – The School District participates in the Council of Allen County Schools Health Benefits Consortium (the “Consortium”), a public entity shared risk pool consisting of the Allen County Educational Service Center and the school districts within Allen County. The Consortium is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides sick, accident and other benefits to the employees of the participating school districts. Each participating school district’s superintendent is appointed to a Board of Directors which advises the Directors and Plan Manager, concerning aspects of the administration of the Consortium. Financial information can be obtained from 1920 Slabtown Rd., Lima, Ohio 45804.

**NOTE 15 – CONTINGENCIES AND COMMITMENTS**

**A. Grants**

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

**B. Litigation**

The School District is not party to any claims or lawsuits that would, in the School District’s opinion, have a material effect of the basic financial statements.

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**C. School District 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 has finalized the impact of enrollment adjustments to the June 30, 2021 Foundation funding for the District. As a result of the fiscal year 2021 reviews, the School District is owed an additional \$25,433 from ODE. This amount has not been included in the financial statements.

**D. Encumbrance Commitments**

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

<u>Fund</u>	<u>Amount</u>
General	\$ 278,128
Permanent Improvement	167,175
Beatrice M. Guyton	29
Nonmajor Governmental	66,078
	<u>\$ 511,410</u>

**NOTE 16 – INTERFUND ACTIVITY**

During the fiscal year transfers were made from the General fund to the H.B. 264 fund for \$194,683 to meet debt service requirements.

**NOTE 17 – BUDGETARY BASIS OF ACCOUNTING**

The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the cash basis are that:

- (a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a disbursement, as opposed to assigned or committed fund cash balance for that portion of outstanding encumbrances (cash basis); and
- (b) Some funds are included in the General Fund (cash basis), but have separate legally adopted budgets (budget basis).

**Shawnee Local School District**  
**Allen County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*  
(Continued)

The adjustments necessary to convert the results of operations for the year on the cash basis to the budget basis for the General Fund is as follows:

Net Change in Fund Balance	General Fund	Beatrice M. Guyton Fund
Cash basis	\$ (1,578,853)	\$ (4,325)
Funds budgeted elsewhere **	11,596	-
Adjustment for encumbrances	(242,490)	(29)
Budget basis	\$ (1,809,747)	\$ (4,354)

\*\* As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a cash basis. This includes public school support funds, uniform school supplies funds, termination benefits funds, and unclaimed monies.

**NOTE 18 – COMPLIANCE**

Ohio Adm. Code Section 117-2-03(B) requires the School District to file annual financial reports, which are prepared using generally accepted accounting principles (GAAP). For fiscal year 2021, the School District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, 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 material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

**NOTE 19 – COVID-19 PANDEMIC**

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

During fiscal years 2020 and 2021, the School District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Of the amounts received, \$14,435 was spent on-behalf of other organizations and \$1,079 will possibly be returned to the granting agency. The amount spent is reflected as community services disbursements in the Elementary and Secondary School Emergency Relief (ESSER) special revenue fund on the accompanying financial statements. The amounts returned to the granting agency, if any, will be reflected as a reduction of intergovernmental revenue in the ESSER special revenue fund.

**Shawnee Local School District**  
**Allen County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*  
*(Continued)*

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**NOTE 20 – SUBSEQUENT EVENTS**

For fiscal year 2022, School District foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$656,342 in revenues and expenditures/expenses related to these programs. Also during fiscal year 2021, the School District reported \$1,776,667 in tuition and fees from the resident school districts which will be direct funded to the School District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each School District. The School District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.



**SHAWNEE LOCAL SCHOOL DISTRICT  
ALLEN COUNTY**

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

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA 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)		
School Breakfast Program	10.553	18,865
National School Lunch Program	10.555	75,461
Cash Assistance:		
School Breakfast Program	10.553	80,363
COVID-19 School Breakfast Program	10.553	4,701
National School Lunch Program	10.555	527,967
COVID-19 National School Lunch Program	10.555	63,131
Total Child Nutrition Cluster		<u>770,488</u>
Total U.S. Department of Agriculture		<u><b>770,488</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>		
<i>Passed Through Ohio Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010	254,563
Special Education Cluster (IDEA):		
Special Education_Grants to States	84.027	540,174
Special Education_Preschool Grants	84.173	4,640
Total Special Education Cluster (IDEA)		<u>544,814</u>
COVID-19 Education Stabilization Fund		
Elementary and Secondary School Emergency Relief Fund (ESSER Fund)	84.425D	653,632
Improving Teacher Quality State Grants	84.367	55,422
Student Support and Academic Enrichment Program	84.424	5,460
Total U.S. Department of Education		<u><b>1,513,891</b></u>
<b>U.S. Department of Treasury</b>		
<i>Passed Through Ohio Department of Education</i>		
COVID-19 Coronavirus Relief Fund	21.019	108,887
Total U.S. Department of Treasury		<u><b>108,887</b></u>
<b>Total Expenditures of Federal Awards</b>		<u><b>\$2,393,266</b></u>

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

**SHAWNEE LOCAL SCHOOL DISTRICT  
ALLEN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE FISCAL 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 Shawnee Local School District (the School District) under programs of the federal government for the fiscal year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in net position of the School District.

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

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

**NOTE F – MATCHING REQUIREMENTS**

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**SHAWNEE LOCAL SCHOOL DISTRICT  
ALLEN COUNTY**

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

**NOTE G - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with the Ohio Department of Education'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>ALN</u>	<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$ 41,061.05
Expanding Opportunities for Each Child	84.010A	5,221.49
Supporting Effective Instruction	84.367	7,220.15
Student Support and Academic Enrichment	84.424	3,652.75

**NOTE H – PASS THROUGH FUNDS**

The School District was awarded federal program allocations to be administered on their behalf by the Allen County Educational Service Center and Elida Local School District. For 2021, the School District's Allocation was as follows:

Special Education Preschool Grants – ALN 84.173.....\$14,079 (Allen County ESC)  
English Language Acquisition State Grants – ALN 84.365.....\$1,593 (Elida LSD)

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# OHIO AUDITOR OF STATE KEITH FABER



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

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

Shawnee Local School District  
Allen County  
3255 Zurmehly Road  
Lima, Ohio 45806

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Shawnee Local School District, Allen County, (the School District) as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 29, 2022, wherein we noted the School District uses a special purpose framework other than general accepted accounting principles and that the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* for the fiscal year ended June 30, 2021. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the School District.

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

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

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

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

***Compliance and Other Matters***

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

***School District's Response to Finding***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

March 29, 2022



**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**

Shawnee Local School District  
Allen County  
3255 Zumehtly Road  
Lima, Ohio, 45806

To the Board of Education:

***Report on Compliance for the Major Federal Programs***

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on the Major Federal Programs***

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

***Report on Internal Control Over Compliance***

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

Mach 29, 2022



**SHAWNEE LOCAL SCHOOL DISTRICT  
ALLEN COUNTY**

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

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Nutrition Cluster COVID-19 Education Stabilization Fund
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

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

**FINDING NUMBER 2021-001**

**Noncompliance Citation**

**Ohio Rev. Code § 117.38(A)** 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 School District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The School District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the cash basis of accounting 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 School 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 School District's ability to evaluate and monitor the overall financial condition of the School District.

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

**OFFICIALS' RESPONSE:** Shawnee Local School District will continue to report financial data in the same manner until the Board of Education directs the Treasurer to report on a GAAP basis.

**3. FINDINGS FOR FEDERAL AWARDS**

None

# SHAWNEE LOCAL SCHOOLS

BOARD OF EDUCATION  
3255 ZURMEHLY RD.  
LIMA, OH 45806-1499



*CHRIS CROSS*  
*TREASURER*

*TELEPHONE 419.998.8044*  
*FAX 419.998.8050*

## 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>
2020-001	Ohio Rev. Code § 117.38(A) and Ohio Admin. Code § 117-2-03(B) for reporting on a basis other than generally accepted accounting principles. Finding was first reported in fiscal year 2003.	Not corrected and repeated in this report as Finding 2021-001.	The Board of Education does not wish to change the method of reporting.

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# SHAWNEE LOCAL SCHOOLS

Board of Education  
3255 Zurmehly Rd.  
Lima, OH 45806-1499



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*TREASURER*

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

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2021-001	Shawnee Local School District will continue to report financial data in the same manner, until the Board directs the Treasurer to report using GAAP.	N/A	Chris Cross, School Board Members

# OHIO AUDITOR OF STATE KEITH FABER



**SHAWNEE LOCAL SCHOOL DISTRICT**

**ALLEN COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 4/14/2022**

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)