

**SWITZERLAND OF OHIO LOCAL SCHOOL
DISTRICT**

MONROE COUNTY, OHIO

SINGLE AUDIT

For the Year Ended June 30, 2021





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Board of Education
Switzerland of Ohio Local School District
304 Mill St.
Woodsfield, OH 43793

We have reviewed the *Independent Auditor's Report* of the Switzerland of Ohio Local School District, Monroe County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Switzerland of Ohio Local School District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

February 28, 2022

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MONROE COUNTY
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REPORT OF INDEPENDENT AUDITORS

Switzerland of Ohio Local School District
Monroe County
304 Mill Street
Woodsfield, Ohio 43793

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Switzerland of Ohio Local School District, Monroe County, Ohio (The District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Emphasis of Matters

As discussed in Note 3 to the financial statements, the 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 18 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of net pension liabilities, pension contributions, net OPEB assets/liabilities, and OPEB contributions listed in the table of contents, to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

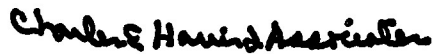
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. 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 of Federal Awards*) and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2021 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
December 29, 2021

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

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

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- The District's net position of governmental activities increased \$17,996,404, which represents a 25.46% increase from 2020's restated net position.
- General revenues accounted for \$67,605,275 in revenue, or 90.09% of all revenues. Program specific revenues, in the form of charges for services and sales, operating grants and contributions and capital grants and contributions accounted for \$7,432,741 or 9.91% of total revenues of \$75,038,016.
- The District had \$57,041,612 in expenses related to governmental activities; program-specific charges for services, grants and contributions offset only \$7,432,741 of these expenses. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$67,605,275 were adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$60,903,036 in revenues and other financing sources and \$43,883,587 in expenditures and other financing uses. During fiscal year 2021, the general fund's fund balance increased \$17,019,449 from a restated balance of \$26,766,246 to a balance of \$43,785,695.

Using the Basic Financial Statements

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

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. 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 District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund is by far the most significant fund and is the only governmental fund reported as a major fund.

Reporting the 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 District to provide programs and activities, the view of the District as a whole considers all financial transactions and asks the question "How did the District perform financially during 2021?" The statement of net position and statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid. These two statements report the District's net position and changes in net position during the year. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the 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 District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

In the statement of net position and statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities and food service operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the District's most significant funds. The District's major governmental fund is the general fund.

Governmental Funds

Most of the 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 an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and statement of activities) and governmental funds is reconciled in the basic financial statements.

Proprietary Funds

The District maintains only one type of proprietary fund. The internal service fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District has an internal service fund to account for a self-insurance program which provides health, prescription and dental benefits to employees.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. This activity is excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB asset/liability.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for June 30, 2021 and June 30, 2020. Amounts at June 30, 2020 have been restated due to the implementation of GASB Statement No. 84.

	Net Position	
	Governmental Activities 2021	Restated Governmental Activities 2020
<u>Assets</u>		
Current and other assets	\$ 106,911,975	\$ 89,050,062
Noncurrent assets:		
Net OPEB asset	2,037,581	1,781,224
Capital assets, net	<u>84,304,963</u>	<u>85,998,024</u>
Total assets	<u>193,254,519</u>	<u>176,829,310</u>
<u>Deferred outflows of resources</u>		
Unamortized deferred charges on debt refunding	1,306,248	1,396,855
Pension	10,272,717	9,500,799
OPEB	<u>1,899,679</u>	<u>1,700,161</u>
Total deferred outflows of resources	<u>13,478,644</u>	<u>12,597,815</u>
<u>Liabilities</u>		
Current liabilities	5,358,484	5,403,454
Long-term liabilities:		
Due within one year	1,880,500	1,762,547
Due in more than one year:		
Net pension liability	37,210,772	31,664,728
Net OPEB liability	3,027,732	3,355,137
Other amounts	<u>28,001,582</u>	<u>29,571,698</u>
Total liabilities	<u>75,479,070</u>	<u>71,757,564</u>
<u>Deferred inflows of resources</u>		
Property taxes levied for next fiscal year	38,439,068	42,540,578
Pension	179,377	1,366,515
OPEB	<u>3,957,293</u>	<u>3,080,517</u>
Total deferred inflows of resources	<u>42,575,738</u>	<u>46,987,610</u>
<u>Net position</u>		
Net investment in capital assets	57,316,115	56,677,857
Restricted	8,677,753	6,603,360
Unrestricted	<u>22,684,487</u>	<u>7,400,734</u>
Total net position	<u>\$ 88,678,355</u>	<u>\$ 70,681,951</u>

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

Analysis of Net Position

Over time, net position can serve as a useful indicator of a government’s financial position. At June 30, 2021, the District’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$88,678,355.

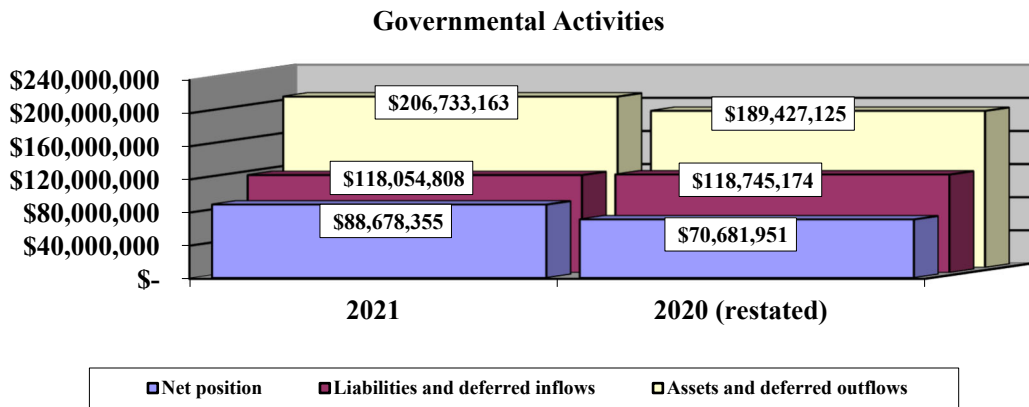
Current and other assets increased approximately \$17.86 million primarily due to an increase in cash and investments in the general fund as a result of current fiscal year operations and an increase in property taxes receivable. The increase in property taxes receivable is due to the increase in the assessed valuation of taxable property within the District.

At year-end, capital assets represented 43.62% of total assets. Capital assets include land, buildings and improvements, furniture and equipment, and vehicles. The District’s net investment in capital assets at June 30, 2021, was \$57,316,115. These capital assets are used to provide services to students and are not available for future spending. Although the District’s net investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

The District’s net pension liability increased while the net OPEB liability decreased. These liabilities are outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it’s the pension systems that collect, hold and distribute pensions and OPEB to District employees, not the District.

A portion of the District’s net position, \$8,677,753, represents resources that are subject to external restrictions as to their use. The remaining balance of unrestricted net position was a balance of \$22,684,487.

The graph below illustrates the District’s governmental activities assets plus deferred outflows, liabilities plus deferred inflows and net position at June 30, 2021 and 2020. Net position at June 30, 2020 was restated due to the implementation of GASB Statement No. 84.



**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The table below shows the changes in net position for governmental activities between 2021 and 2020. Amounts for fiscal year 2020 have been restated due to the implementation of GASB Statement No. 84.

	Change in Net Position	
	Governmental Activities 2021	Restated Governmental Activities 2020
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 959,909	\$ 1,116,143
Operating grants and contributions	6,448,615	4,489,135
Capital grants and contributions	24,217	224,775
General revenues:		
Property taxes	52,323,174	37,918,299
Grants and entitlements	14,137,063	13,842,348
Investment earnings	721,823	885,887
Oil & gas royalties	76,301	154,109
Other	346,914	115,441
Total revenues	<u>75,038,016</u>	<u>58,746,137</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	18,975,228	16,630,678
Special	6,152,272	5,556,317
Vocational	3,180,525	2,315,393
Adult education	216,283	241,985
Other	314,326	-
Support services:		
Pupil	3,185,525	2,533,220
Instructional staff	4,621,437	3,025,923
Board of education	32,727	39,164
Administration	4,946,546	4,584,409
Fiscal	1,404,080	1,682,828
Business	190,666	180,734
Operations and maintenance	4,985,373	4,194,572
Pupil transportation	3,795,454	3,404,443
Central	1,016,398	690,506
Operation of non-instructional services:		
Food service operations	1,777,621	1,475,812
Other non-instructional services	209,247	96,592
Extracurricular activities	1,031,556	888,849
Interest and fiscal charges	1,006,348	1,492,554
Total expenses	<u>57,041,612</u>	<u>49,033,979</u>
Change in net position	17,996,404	9,712,158
Net position at beginning of year (restated)	<u>70,681,951</u>	<u>60,969,793</u>
Net position at end of year	<u>\$ 88,678,355</u>	<u>\$ 70,681,951</u>

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

Governmental Activities

The net position of the District's governmental activities increased \$17,996,404 during fiscal year 2021. Total governmental expenses of \$57,041,612 were offset by program revenues of \$7,432,741, and general revenues of \$67,605,275. Program revenues supported 13.03% of the total governmental expenses.

Overall, expenses of the governmental activities increased \$8,007,633 or 16.33%. This increase is the result of several factors. First of all, the District had increased expenses related to salaries and benefits. The other reason is increased spending because of the COVID-19 pandemic. COVID-19 related expenses were offset with additional federal grants.

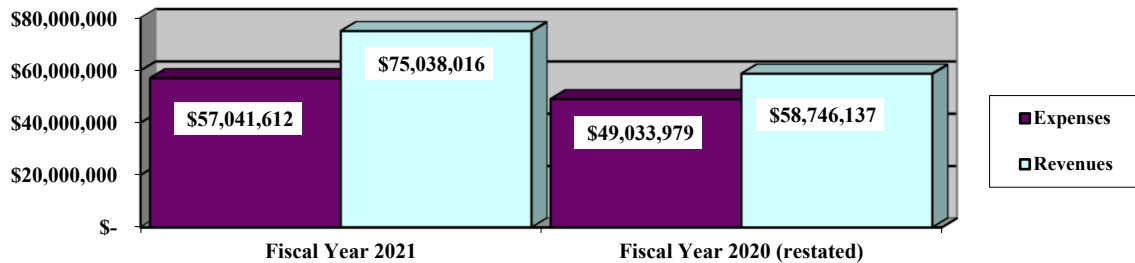
The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 88.57% of total governmental revenue. Real estate property is reappraised every six years.

The increase in property taxes is partially due to the increase in the amount collected by the County Auditor and available as advance at fiscal year-end. The amount collected and available for advance can vary depending upon when tax bills are sent.

The amount of the District's property taxes considered delinquent increased approximately \$4.8 million in fiscal year 2021. This is because oil and gas companies have appealed the assessed value of pipelines. While the appeal is pending, property taxes on the pipelines are collected at the appealed value. The County Auditors classify the property taxes not collected on the full assessed value as delinquent. When the appeal has been decided, the oil and gas companies will pay the back taxes, if any.

The graph below illustrates governmental activities revenue and expenses for fiscal years 2021 and 2020. Amounts for fiscal year 2020 have been restated due to the implementation of GASB Statement No. 84.

Governmental Activities - Revenues and Expenses



**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table 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 grants and entitlements. Amounts for fiscal year 2020 have been restated due to the implementation of GASB Statement No. 84.

Governmental Activities

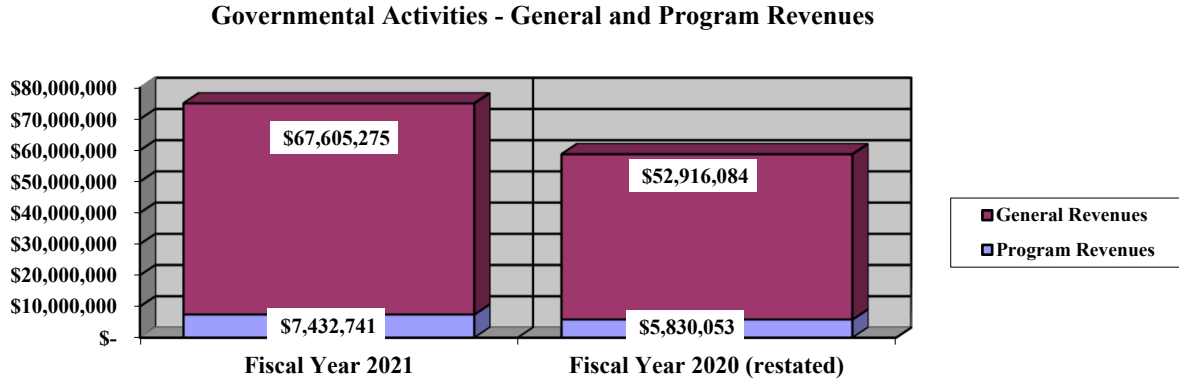
	Total Cost of Services 2021	Net Cost of Services 2021	Restated Total Cost of Services 2020	Restated Net Cost of Services 2020
	<u>2021</u>	<u>2021</u>	<u>2020</u>	<u>2020</u>
Program expenses				
Instruction:				
Regular	\$ 18,975,228	\$ 17,699,510	\$ 16,630,678	\$ 16,008,505
Special	6,152,272	4,386,219	5,556,317	3,819,843
Vocational	3,180,525	2,882,893	2,315,393	1,983,816
Adult education	216,283	208,033	241,985	17,210
Other	314,326	314,326	-	-
Support services:				
Pupil	3,185,525	2,129,885	2,533,220	1,823,193
Instructional staff	4,621,437	3,554,791	3,025,923	2,373,255
Board of education	32,727	32,727	39,164	39,164
Administration	4,946,546	4,944,924	4,584,409	4,583,201
Fiscal	1,404,080	1,404,080	1,682,828	1,682,828
Business	190,666	190,666	180,734	180,734
Operations and maintenance	4,985,373	4,616,843	4,194,572	4,188,722
Pupil transportation	3,795,454	3,706,723	3,404,443	3,339,230
Central	1,016,398	994,868	690,506	665,565
Operation of non-instructional services:				
Food service operations	1,777,621	760,150	1,475,812	519,278
Other non-instructional services	209,247	66,257	96,592	(15,763)
Extracurricular activities	1,031,556	709,628	888,849	502,591
Interest and fiscal charges	<u>1,006,348</u>	<u>1,006,348</u>	<u>1,492,554</u>	<u>1,492,554</u>
Total expenses	<u>\$ 57,041,612</u>	<u>\$ 49,608,871</u>	<u>\$ 49,033,979</u>	<u>\$ 43,203,926</u>

The dependence upon tax and other general revenues for governmental activities is apparent as 88.39% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 86.97%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are the primary support for District's students.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The graph below presents the District's governmental activities revenue for fiscal year 2021 and 2020. Amounts for fiscal year 2020 have been restated due to the implementation of GASB Statement No. 84.



The District's Funds

The District's governmental funds reported a combined fund balance of \$52,224,317, which is \$16,152,311 greater than last year's restated balance of \$36,072,006. The schedule below indicates the fund balances and the total change in fund balances as of June 30, 2021 and 2020. Amounts for fiscal year 2020 have been restated due to the implementation of GASB Statement No. 84.

	Fund Balance June 30, 2021	Restated Fund Balance June 30, 2020	Change
General	\$ 43,785,695	\$ 26,766,246	\$ 17,019,449
Other governmental	8,438,622	9,305,760	(867,138)
Total	\$ 52,224,317	\$ 36,072,006	\$ 16,152,311

General Fund

The District's general fund balance increased \$17,019,449 during fiscal year 2021. The primary reason for the increase in the fund balance of the general fund is an increase in the assessed valuation for tax year 2020. Another reason for the increase in property taxes is due to the increase in the amount collected by the County Auditor and available as advance at fiscal year-end. The amount collected and available for advance can vary depending upon when tax bills are sent. This results in greater property tax revenues in fiscal year 2021. Earnings on investments decreased because of very low interest rates.

Expenditures increased \$3,754,842, which is 9.36%, from fiscal year 2020. This is primarily due to increases in salaries and benefits in fiscal year 2021.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The table that follows assists in illustrating the financial activities of the general fund. Amounts for fiscal year 2020 have been restated due to the implementation of GASB Statement No. 84.

	2021 Amount	Restated 2020 Amount	Change	Percentage Change
<u>Revenues</u>				
Taxes	\$ 44,901,962	\$ 35,664,598	\$ 9,237,364	25.90 %
Earnings on investments	102,692	571,895	(469,203)	(82.04) %
Intergovernmental	14,725,191	14,637,466	87,725	0.60 %
Other revenues	<u>1,139,211</u>	<u>942,923</u>	<u>196,288</u>	20.82 %
Total	<u>\$ 60,869,056</u>	<u>\$ 51,816,882</u>	<u>\$ 9,052,174</u>	17.47 %
<u>Expenditures</u>				
Instruction	\$ 22,595,746	\$ 20,849,439	\$ 1,746,307	8.38 %
Support services	20,107,226	18,283,673	1,823,553	9.97 %
Operation of non-instructional services	30,676	19,840	10,836	54.62 %
Extracurricular activities	657,615	483,012	174,603	36.15 %
Debt service	<u>462,610</u>	<u>463,067</u>	<u>(457)</u>	(0.10) %
Total	<u>\$ 43,853,873</u>	<u>\$ 40,099,031</u>	<u>\$ 3,754,842</u>	9.36 %

General Fund Budgeting Highlights

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

During the course of fiscal year 2021, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources were \$58,369,292, which is \$566,181 greater than original budgeted revenues and other financing sources of \$57,803,111. Final budgeted revenues were increased from original budgeted revenues due to greater property tax collections. This is due to the increase in the District's assessed valuation. Actual revenues and other financing sources for fiscal year 2021 were \$58,386,353. This represents a \$17,061 increase from final budgeted revenues.

General fund final budgeted expenditures and other financing uses were \$47,152,337, which were less than the original budgeted expenditures and other financing uses of \$57,413,431. The reason for this budgeted difference is because the impact of COVID-19 was not fully known at the beginning of fiscal year 2021 so the District budgeted conservatively. As more information became available, appropriations were decreased to match actual results more closely. Actual budget-basis expenditures and other financing uses for fiscal year 2021 totaled \$46,896,681 and were \$255,656 less than in the final budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the District had \$84,304,963 invested in land, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in the District's governmental activities.

The balances of the land asset class and the building and improvements asset class have been restated at June 30, 2020 because certain assets have been reclassified to depreciable improvements to better reflect their use. The total balance of capital assets at June 30, 2020 was unchanged due to this restatement.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

The following table shows June 30, 2021 balances compared to June 30, 2020:

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2021	Restated 2020
Land	\$ 1,030,070	\$ 1,030,070
Buildings and improvements	78,205,981	79,800,641
Furniture and equipment	2,195,974	2,536,584
Vehicles	2,872,938	2,630,729
Total	\$ 84,304,963	\$ 85,998,024

Total additions to capital assets for fiscal year 2021 were \$2,895,766 and depreciation expense totaled \$4,533,537. The District also had disposals of capital assets of \$55,290 (net of accumulated depreciation).

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

The District's outstanding long-term obligations consist of general obligation bonds and capital lease obligations with a balance amounting to \$28,391,903; of this balance, \$1,759,452 is due within one year and \$26,632,451 is due in more than one year.

The following table summarizes the District's debt outstanding at June 30, 2021 and June 30, 2020:

Outstanding Debt, at Year End

	Governmental Activities 2021	Governmental Activities 2020
	2021	2020
General obligation bonds	\$ 25,527,708	\$ 26,795,284
Capital lease obligations	2,864,195	3,227,252
Total	\$ 28,391,903	\$ 30,022,536

At June 30, 2021, the District's overall legal debt margin was \$112,473,961 and its unvoted debt margin was \$1,491,868.

See Note 10 to the basic financial statements for additional information on the District's debt administration.

Economic Factors

The District ended fiscal year 2021 with a positive cash flow which reflects the efforts of the administration of the District in trying to maintain fiscal accountability in addition to the healthy local economy. There are some uncontrollable variables that will affect future revenues, which includes the elimination of the three-year averaging for Average Daily Membership (ADM), State elimination for fees from rollback and homestead funds, the net loss of students to other school districts through open enrollment and funding related to the COVID-19 pandemic. Based on these factors, the board of education and administration of the District must maintain careful financial planning and prudent fiscal management in order to maintain the current financial stability of the District.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information please contact Connie Kress, Treasurer, Switzerland of Ohio Local School District, 304 Mill Street, Woodsfield, Ohio 43793 or e-mail at connie.kress@omeresanet.net.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 51,236,358
Cash with fiscal agent	5,852,447
Receivables:	
Property taxes	47,827,418
Accounts	99,236
Accrued interest	12,899
Intergovernmental	1,496,810
Prepayments	368,993
Materials and supplies inventory	5,184
Inventory held for resale	12,630
Net OPEB asset	2,037,581
Capital assets:	
Nondepreciable capital assets	1,030,070
Depreciable capital assets, net	83,274,893
Capital assets, net	84,304,963
Total assets	193,254,519
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	1,306,248
Pension	10,272,717
OPEB	1,899,679
Total deferred outflows of resources	13,478,644
Liabilities:	
Accounts payable	425,507
Accrued wages and benefits payable	2,986,603
Intergovernmental payable	125,529
Pension and postemployment benefits payable	679,106
Accrued interest payable	105,401
Unearned revenue	24,189
Claims payable	1,012,149
Long-term liabilities:	
Due within one year	1,880,500
Due in more than one year:	
Net pension liability	37,210,772
Net OPEB liability	3,027,732
Other amounts due in more than one year	28,001,582
Total liabilities	75,479,070
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	38,439,068
Pension	179,377
OPEB	3,957,293
Total deferred inflows of resources	42,575,738
Net position:	
Net investment in capital assets	57,316,115
Restricted for:	
Capital projects	407,020
Classroom facilities maintenance	2,313,778
Debt service	3,651,137
State funded programs	1,908,872
Federally funded programs	41,871
Extracurricular	311,308
Other purposes	43,767
Unrestricted	22,684,487
Total net position	\$ 88,678,355

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 18,975,228	\$ 493,170	\$ 782,548	\$ -	\$ (17,699,510)
Special	6,152,272	131,150	1,634,903	-	(4,386,219)
Vocational	3,180,525	13,930	283,702	-	(2,882,893)
Adult/continuing	216,283	8,250	-	-	(208,033)
Other	314,326	-	-	-	(314,326)
Support services:					
Pupil	3,185,525	-	1,055,640	-	(2,129,885)
Instructional staff	4,621,437	-	1,066,646	-	(3,554,791)
Board of education	32,727	-	-	-	(32,727)
Administration	4,946,546	-	1,622	-	(4,944,924)
Fiscal	1,404,080	-	-	-	(1,404,080)
Business	190,666	-	-	-	(190,666)
Operations and maintenance	4,985,373	6,000	362,530	-	(4,616,843)
Pupil transportation	3,795,454	-	64,514	24,217	(3,706,723)
Central	1,016,398	21,530	-	-	(994,868)
Operation of non-instructional services:					
Food service operations	1,777,621	729	1,016,742	-	(760,150)
Other non-instructional services	209,247	-	142,990	-	(66,257)
Extracurricular activities	1,031,556	285,150	36,778	-	(709,628)
Interest and fiscal charges	1,006,348	-	-	-	(1,006,348)
Totals	\$ 57,041,612	\$ 959,909	\$ 6,448,615	\$ 24,217	(49,608,871)
General revenues:					
Property taxes levied for:					
					49,444,655
					2,159,523
					718,996
Grants and entitlements not restricted					
					14,137,063
					76,301
					721,823
					346,914
					<u>67,605,275</u>
					17,996,404
					<u>70,681,951</u>
					<u>\$ 88,678,355</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and investments	\$ 41,120,211	\$ 10,032,711	\$ 51,152,922
Receivables:			
Property taxes	45,178,111	2,649,307	47,827,418
Accounts	17,896	81,340	99,236
Accrued interest	12,899	-	12,899
Interfund loans	2,129,426	-	2,129,426
Intergovernmental	252,829	1,243,981	1,496,810
Prepayments	360,776	8,217	368,993
Materials and supplies inventory	-	5,184	5,184
Inventory held for resale	-	12,630	12,630
Total assets	<u>\$ 89,072,148</u>	<u>\$ 14,033,370</u>	<u>\$ 103,105,518</u>
Liabilities:			
Accounts payable	\$ 214,276	\$ 208,745	\$ 423,021
Accrued wages and benefits payable	2,781,491	205,112	2,986,603
Compensated absences payable	46,048	-	46,048
Intergovernmental payable	123,380	2,149	125,529
Pension and postemployment benefits payable	619,044	60,062	679,106
Interfund loans payable	-	2,129,426	2,129,426
Unearned revenue	-	24,189	24,189
Total liabilities	<u>3,784,239</u>	<u>2,629,683</u>	<u>6,413,922</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	36,309,471	2,129,597	38,439,068
Delinquent property tax revenue not available	4,962,294	285,765	5,248,059
Intergovernmental revenue not available	217,550	469,811	687,361
Accrued interest not available	12,899	-	12,899
Charges for services revenue not available	-	79,892	79,892
Total deferred inflows of resources	<u>41,502,214</u>	<u>2,965,065</u>	<u>44,467,279</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory	-	5,184	5,184
Prepays	360,776	8,217	368,993
Unclaimed monies	4,257	-	4,257
Restricted:			
Debt service	-	3,636,779	3,636,779
Capital improvements	-	407,020	407,020
Classroom facilities maintenance	-	2,235,149	2,235,149
Non-public schools	-	25,316	25,316
State funded programs	-	1,507,526	1,507,526
Federally funded programs	-	2,009	2,009
Extracurricular	-	311,308	311,308
Other purposes	-	39,509	39,509
Committed:			
Capital improvements	-	818,886	818,886
Termination benefits	746,903	-	746,903
Scholarships	-	43,081	43,081
Assigned:			
Student instruction	133,866	-	133,866
Student and staff support	821,682	-	821,682
Subsequent year's appropriations	19,729,811	-	19,729,811
Other purposes	268,042	-	268,042
Unassigned (deficit)	<u>21,720,358</u>	<u>(601,362)</u>	<u>21,118,996</u>
Total fund balances	<u>43,785,695</u>	<u>8,438,622</u>	<u>52,224,317</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 89,072,148</u>	<u>\$ 14,033,370</u>	<u>\$ 103,105,518</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021

Total governmental fund balances		\$	52,224,317
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			84,304,963
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	5,248,059	
Accounts receivable		79,892	
Accrued interest receivable		12,899	
Intergovernmental receivable		687,361	
Total		687,361	6,028,211
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			4,921,248
Unamortized amounts on refundings are not recognized in the funds.			1,306,248
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(105,401)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		10,272,717	
Deferred inflows - pension		(179,377)	
Net pension liability		(37,210,772)	
Deferred outflows - OPEB		1,899,679	
Deferred inflows - OPEB		(3,957,293)	
Net OPEB asset		2,037,581	
Net OPEB liability		(3,027,732)	
Total		(3,027,732)	(30,165,197)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(25,527,708)	
Capital lease obligations		(2,864,195)	
Compensated absences		(1,444,131)	
Total		(29,836,034)	(29,836,034)
Net position of governmental activities		\$	88,678,355

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Property taxes	\$ 44,901,962	\$ 2,624,371	\$ 47,526,333
Intergovernmental	14,725,191	5,422,158	20,147,349
Investment earnings	102,692	575,291	677,983
Tuition and fees	636,486	-	636,486
Extracurricular	20,416	237,604	258,020
Rental income	6,000	-	6,000
Charges for services	13,930	27,213	41,143
Contributions and donations	1,269	38,837	40,106
Miscellaneous	461,110	41,104	502,214
Total revenues	<u>60,869,056</u>	<u>8,966,578</u>	<u>69,835,634</u>
Expenditures:			
Current:			
Instruction:			
Regular	15,378,374	770,565	16,148,939
Special	4,307,465	991,382	5,298,847
Vocational	2,540,955	18,556	2,559,511
Adult/continuing	57,428	58,890	116,318
Other	311,524	-	311,524
Support services:			
Pupil	2,333,155	452,948	2,786,103
Instructional staff	3,478,092	724,283	4,202,375
Board of education	30,535	-	30,535
Administration	4,168,391	848	4,169,239
Fiscal	1,241,928	49,130	1,291,058
Business	150,148	-	150,148
Operations and maintenance	4,161,465	712,829	4,874,294
Pupil transportation	3,553,302	37,199	3,590,501
Central	990,210	-	990,210
Operation of non-instructional services:			
Food service operations	-	1,600,259	1,600,259
Other non-instructional services	30,676	174,119	204,795
Extracurricular activities	657,615	1,656,260	2,313,875
Facilities acquisition and construction	-	530,918	530,918
Debt service:			
Principal retirement	363,057	1,137,594	1,500,651
Interest and fiscal charges	99,553	775,244	874,797
Interest on capital appreciation bonds	-	172,406	172,406
Total expenditures	<u>43,853,873</u>	<u>9,863,430</u>	<u>53,717,303</u>
Excess of revenues over (under) expenditures	<u>17,015,183</u>	<u>(896,852)</u>	<u>16,118,331</u>
Other financing sources (uses):			
Sale of assets	33,980	-	33,980
Transfers in	-	29,714	29,714
Transfers (out)	(29,714)	-	(29,714)
Total other financing sources (uses)	<u>4,266</u>	<u>29,714</u>	<u>33,980</u>
Net change in fund balances	17,019,449	(867,138)	16,152,311
Fund balances at beginning of year (restated)	<u>26,766,246</u>	<u>9,305,760</u>	<u>36,072,006</u>
Fund balances at end of year	<u>\$ 43,785,695</u>	<u>\$ 8,438,622</u>	<u>\$ 52,224,317</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds	\$	16,152,311
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 2,895,766	
Current year depreciation	<u>(4,533,537)</u>	
Total		(1,637,771)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(55,290)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	4,796,841	
Earnings on investments	(602)	
Charges for services	(26,484)	
Intergovernmental	388,185	
Total	<u>5,157,940</u>	5,157,940
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		1,673,057
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	1,480	
Accreted interest on capital appreciation bonds	(42,424)	
Amortization of deferred charges	(90,607)	
Total	<u>(131,551)</u>	(131,551)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	3,038,713	
OPEB	91,329	
Total	<u>3,130,042</u>	3,130,042
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(6,625,701)	
OPEB	(184,825)	
Total	<u>(6,810,526)</u>	(6,810,526)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(158,295)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		<u>676,487</u>
Change in net position of governmental activities	\$	<u>17,996,404</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 40,672,601	\$ 41,626,501	\$ 41,626,449	\$ (52)
Intergovernmental	15,218,737	14,875,768	14,875,375	(393)
Investment earnings	372,836	148,636	167,043	18,407
Tuition and fees	430,788	624,103	623,826	(277)
Extracurricular	1,718	-	-	-
Rental income	7,445	6,500	6,000	(500)
Charges for services	14,364	284	281	(3)
Miscellaneous	367,438	141,777	141,699	(78)
Total revenues	<u>57,085,927</u>	<u>57,423,569</u>	<u>57,440,673</u>	<u>17,104</u>
Expenditures:				
Current:				
Instruction:				
Regular	15,693,184	15,368,431	15,311,232	57,199
Special	4,130,430	4,326,159	4,292,023	34,136
Vocational	2,276,192	2,552,266	2,535,589	16,677
Other	13,696	312,116	311,524	592
Support services:				
Pupil	2,447,893	2,332,792	2,318,783	14,009
Instructional staff	3,269,406	3,567,659	3,554,786	12,873
Board of education	36,478	34,728	33,437	1,291
Administration	4,264,558	4,102,327	4,067,313	35,014
Fiscal	1,622,330	1,246,597	1,237,153	9,444
Business	164,433	153,743	151,972	1,771
Operations and maintenance	3,998,172	4,508,658	4,481,651	27,007
Pupil transportation	3,724,180	3,998,207	3,986,702	11,505
Central	644,353	1,033,193	1,027,610	5,583
Operation of non-instructional services:				
Other non-instructional services	27,469	32,127	30,681	1,446
Extracurricular activities	569,786	647,543	626,826	20,717
Debt service:				
Principal	358,000	358,000	358,000	-
Interest and fiscal charges	98,572	98,572	98,572	-
Total expenditures	<u>43,339,132</u>	<u>44,673,118</u>	<u>44,423,854</u>	<u>249,264</u>
Excess of revenues over expenditures	<u>13,746,795</u>	<u>12,750,451</u>	<u>13,016,819</u>	<u>266,368</u>
Other financing sources (uses):				
Refund of prior year's expenditures	73,928	329,680	329,688	8
Transfers (out)	(3,465,688)	(343,401)	(343,401)	-
Advances in	608,611	582,012	582,012	-
Advances (out)	(608,611)	(2,129,426)	(2,129,426)	-
Contingencies	(10,000,000)	(6,392)	-	6,392
Sale of assets	34,645	34,031	33,980	(51)
Total other financing sources (uses)	<u>(13,357,115)</u>	<u>(1,533,496)</u>	<u>(1,527,147)</u>	<u>6,349</u>
Net change in fund balance	389,680	11,216,955	11,489,672	272,717
Fund balance at beginning of year	25,817,591	25,817,591	25,817,591	-
Prior year encumbrances appropriated	1,508,168	1,508,168	1,508,168	-
Fund balance at end of year	<u>\$ 27,715,439</u>	<u>\$ 38,542,714</u>	<u>\$ 38,815,431</u>	<u>\$ 272,717</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021

	Governmental Activities - Internal Service Fund
Assets:	
Current assets:	
Equity in pooled cash and investments	\$ 83,436
Cash with fiscal agent	<u>5,852,447</u>
Total assets	<u>5,935,883</u>
Liabilities:	
Current liabilities:	
Accounts payable	2,486
Claims payable	<u>1,012,149</u>
Total liabilities	<u>1,014,635</u>
Net position:	
Unrestricted	<u>4,921,248</u>
Total net position	<u>\$ 4,921,248</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services	\$ 9,897,026
Operating expenses:	
Purchased services	1,142,115
Claims	8,122,866
Total operating expenses	9,264,981
Operating income	632,045
Nonoperating revenues:	
Interest revenue	44,442
Change in net position	676,487
Net position at beginning of year	4,244,761
Net position at end of year	\$ 4,921,248

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from transactions with other funds	\$ 9,897,026
Cash payments for purchased services	(1,139,629)
Cash payments for claims	(7,766,136)
	991,261
Net cash provided by operating activities	991,261
Cash flows from investing activities:	
Interest received	44,442
	44,442
Net cash provided by investing activities	44,442
Net increase in cash and investments	1,035,703
Cash and investments at beginning of year	4,900,180
Cash and investments at end of year	\$ 5,935,883
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 632,045
Changes in assets and liabilities:	
Accounts payable	2,486
Claims payable	356,730
	359,216
Net cash provided by operating activities	\$ 991,261

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2021

	Private-Purpose Trust
	Scholarship
Assets:	
Equity in pooled cash and investments	\$ 204,857
Receivables:	
Accrued interest	1,353
Total assets	206,210
Net position:	
Held in trust for scholarships	206,210
Total net position	\$ 206,210

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Private-Purpose Trust</u>
	<u>Scholarship</u>
Additions:	
Investment income	\$ 1,951
Deductions:	
Payments in accordance with trust agreements	209
Change in net position	1,742
Net position at beginning of year	<u>204,468</u>
Net position at end of year	<u>\$ 206,210</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Switzerland of Ohio Local School District (the “District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members. The District provides educational services as authorized by its charter and further mandated by State statute and/or federal guidelines.

The District is the largest in square miles in the state. It is located in Monroe County and portions of Noble and Belmont Counties. The Board of Education controls the District’s ten instructional/support facilities. The District is staffed by 178 classified employees, 250 certified full-time teaching personnel/administrative employees who provide services to 2,033 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

St. Sylvester’s School is operated through the Steubenville Catholic Diocese. The parochial school is within the District’s boundaries. Current State legislation provides funding to this parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The activities of these State monies by the District are reflected in a special revenue fund for financial reporting purposes due to GASB Statement No. 24.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA)

OME-RESA was created as a separate regional council of governments pursuant to State statutes. OME-RESA operates under the direction of a board comprised of a representative from each participating school district. The Board exercises total control over the operation of OME-RESA including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. OME-RESA provides information technology and internet access to member districts, as well as cooperative purchasing programs.

OME-RESA is located at 2230 Sunset Blvd., Suite 2, Steubenville, Ohio 43952. The Jefferson County Educational Service Center is one of OME-RESA's member districts, and acts in the capacity of fiscal agent for OME-RESA. During the year ended June 30, 2021, the District paid \$100,437 to OME-RESA for technology, internet access, financial accounting services, cooperating purchasing, and educational management information.

Coalition of Rural and Appalachian Schools (CORAS)

CORAS is a jointly governed organization composed of over 130 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a Board which is composed of no more than nineteen members, not including ex-officio members. The Board shall include the Dean of the College of Education, and two additional members from Ohio University appointed by the Dean. There shall be one elected member from each of the eight multi-county regions. The eight elected members shall appoint eight additional members, one from each multi-county region. A County Region must have a minimum of five active public school district members to qualify for an elected and an appointed member on the Board. Elected and appointed members, other than those representing Ohio University, must be active school superintendents from a member school district. The Council provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent on the continued participation of the District and the District does not maintain an equity interest or financial responsibility for the Council.

The Council exercises total control over the operation of CORAS including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the Board. The District's membership fee was \$325 for fiscal year 2021. To obtain financial information write to the Coalition of Rural and Appalachian Schools, Mike Shoemaker, Executive Director, at McCracken Hall, Ohio University, Athens, Ohio 45701.

Metropolitan Educational Technology Association (META)

META is a jointly governed organization created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META is also known as META Solutions. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purposes of identifying, developing, and providing to members and non-members innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During fiscal year 2021 the District's membership payment for the purchasing cooperative was waived by META. Financial information may be obtained from the Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

INSURANCE PURCHASING POOLS

Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program (GRP)

The GRP is a shared risk pool among school districts in Ohio. Section 4123.29 of the Ohio Revised Code permits the establishment of employer group retrospective rating plans for workers' compensation rating purposes. The GRP is governed by the Ohio Association of School Business Officials (OASBO) Board of Directors. The Board of Directors shall be the Immediate Past President, the President, the President-Elect, the Vice President, the Secretary-Treasurer, five Regional Directors, and three At-Large Directors.

The GRP, a Bureau of Workers' Compensation certified sponsor, established the program based upon guidelines set forth by the Bureau of Workers' Compensation (BWC). The GRP created a group of school districts that will practice effective workplace safety and claims management to achieve lower premiums for workers' compensation coverage than they would individually. The participating school districts continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating school districts can either receive a premium refund or assessment. The GRP's third party administrator (TPA), CompManagement, Inc., provides administrative, cost control, and actuarial services to the GRP. The cost of the TPA will be paid by each school district in proportion to its payroll to the total payroll of the group.

Ohio School Plan (OSP)

The District participates in the OSP, an insurance purchasing pool. The OSP is created an organized pursuant to, and as authorized by, Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs, and other administrative services. The OSP's business and affairs are conducted by a twelve member Board of Directors consisting of school district superintendents and treasurers. Hylant Administrative Services, LLC is the Administrator of the OSP and is responsible for providing underwriting, claims management, risk management, accounting, system support services, sales, and marketing.

Jefferson Health Plan

The District participates in the Jefferson Health Plan, a risk-sharing, claims servicing, and insurance purchasing pool comprised of over three hundred participants, including six pool organizations within the consortium. Each participant appoints a member of the insurance plans' assembly. The Plans' business and affairs are conducted by a nine member Board of Directors elected from the assembly. The Plan offers medical, dental, prescription drug, and vision coverage to the members on a self-insured basis, as well as the opportunity to participate in the group purchasing of life insurance coverage. The medical coverage plan provides each plan participant the opportunity to choose a self-insurance deductible limit which can range from \$35,000 to \$200,000 under which the individual member is responsible for all claims below the selected deductible. Plan participants also participate in a shared risk internal pool for individual claims between the self-insurance deductible limit and \$1,500,000, and all claims between the deductible and the \$1,500,000 are paid from the internal shared risk pool. The internal pool is not owned by the plan participants. All participants pay a funding accrual that is actuarially calculated based on the participants' actual claims experience which is utilized for the payment of claims and plan expenses within the participant's reserve account up to the self-insurance deductible limit; and for this portion of the plan, all plan participants retain their own risk. All participants pay an additional fee for the selected deductible that is included in the funding accrual that is based on the claims of the selected internal pool deductible in aggregate and is not based on individual participant claims experience.

In the event of a deficit in the participant's reserve account, the participant would be charge an additional funding accrual, and in the event of a surplus, the participant can apply for a funding accrual moratoria. For all individual claims exceeding \$1,500,000, umbrella stop loss coverage is purchased, as well as for an annual total plan aggregate claims amount. All plan participants also pay a monthly administrative fee for fiscal services and third party administrative services, among other fixed costs that are included in the monthly funding accrual.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

PROPRIETARY FUNDS

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

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides medical, prescription and dental benefits to employees.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's trust fund is a private-purpose trust which is used to award a post-secondary scholarship to students whose majors are preferred to be in the engineering, physical and biological sciences, medicine, or business fields. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District has no custodial funds.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the District's internal service fund is charges for sales and services. Operating expenses for internal service funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The private-purpose trust fund is reported using the economic resources measurement focus.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, rentals, grants, and student fees. Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met because such amounts have not yet been earned.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Notes 13 and 14 for deferred outflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Notes 13 and 14 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a corresponding amount reported as intergovernmental revenue.

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

E. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level for all funds of the District. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The treasurer has been authorized to further allocate appropriations to the function and object level within each fund. Advances in/out are not required to be budgeted since they represent a temporary cash flow resources and are intended to be repaid.

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

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

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2021, investments were limited to negotiable certificates of deposit, a U.S. Government money market fund, commercial paper, municipal bonds and federal agency securities. Investments are reported at fair value, which is based on quoted market prices.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$102,692, which includes \$24,019 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

An analysis of the District’s investment account at year end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are accounted for using the purchase method on the fund statements and using the consumption method on the government-wide statements.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

General capital assets are those related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District’s capitalization threshold is \$5,000. Improvements are capitalized, whereas the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

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

Description	Governmental Activities Estimated Lives
Buildings and improvements	30 years
Furniture and equipment	5 - 7 years
Vehicles	10 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans and unpaid amounts for interfund services are classified as “interfund loans receivable/payable.” These amounts are eliminated in the governmental activities column on the statement of net position.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for vacation eligible employees with more than one year of service.

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

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

On governmental fund financial statements, compensated absences are recognized as liability and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are reported as “compensated absences payable” in the fund which the employees who will receive the payment are paid.

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds; however, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits. Long-term obligations resulting from financing arrangements, such as capital leases and bonds, are recognized as a liability in the fund financial statements when due.

L. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable in the general fund.

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

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

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

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

M. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the statement of net position and balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the period in which services are consumed.

O. Estimates

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

P. Internal Activity

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Q. Pensions/Other Postemployment Benefits (OPEB)

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2021, the District did not have any transactions that would be considered extraordinary or special.

S. Bond Premium and Discount, Deferred Charge on Refunding and Issuance Costs

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For bond refundings resulting in the defeasance of the debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred inflow or outflow on the government-wide financial statements.

On the governmental fund financial statements, bond premiums and discounts and issuance costs are recognized in the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

T. Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

U. Restricted Assets

Assets are reported as restricted assets when limitation on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. The District does not have any restricted assets.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

V. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are charges for services and other operating revenues of the self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. Revenues and expenses not meeting this definition are reported as non-operating.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2021, the District has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended June 30, 2021. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed until the fiscal year ended June 30, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

For fiscal year 2021, the District has implemented GASB Statement No. 84, "Fiduciary Activities."

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 District will no longer be reporting agency funds. The District reviewed its agency and private-purpose trust funds and certain funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the District's financial statements.

B. Restatement of Net Position and Fund Balances

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

	General	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balance as previously reported	\$ 26,758,620	\$ 9,194,543	\$ 35,953,163
GASB Statement No. 84	7,626	111,217	118,843
Restated Fund Balance, at June 30, 2020	<u>\$ 26,766,246</u>	<u>\$ 9,305,760</u>	<u>\$ 36,072,006</u>

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

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

	Governmental Activities
Net position as previously reported	\$ 70,563,108
GASB Statement No. 84	118,843
Restated net position at June 30, 2020	\$ 70,681,951

Also, related to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. At June 30, 2020, agency funds reported assets and liabilities of \$121,372.

C. Deficit Fund Balances

Fund balances at June 30, 2021 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Food service	\$ 524,289
Public school preschool	8,000
ESSER	1,483
Coronavirus relief	10
IDEA part B grant	19,210
Miscellaneous federal grants	36,927

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board 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.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal 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 Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided 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;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio)
8. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the 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.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash with Fiscal Agent

The District utilizes a self-insurance third party administrator to review and pay claims. Money held by the administrator is presented as "cash with fiscal agent." The amount held by the fiscal agent at June 30, 2021, was \$5,852,447.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Deposits with Financial Institutions

At June 30, 2021, the carrying amount of all District deposits was \$46,847,828. Based on the criteria described in GASB Statement No. 40, “*Deposits and Investment Risk Disclosures*”, as of June 30, 2021, \$46,739,753 of the District’s bank balance of \$46,989,753 was collateralized through the Ohio Pooled Collateral System (OPCS), while \$250,000 was covered by the FDIC. The District’s deposits are not exposed to custodial credit risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District’s and deposited with a qualified trustee by the financial institution as security for repayment whose fair 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 requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

C. Investments

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

Measurement/ <u>Investment type</u>	Measurement <u>value</u>	Investment maturities				
		6 months or <u>less</u>	7 to 12 <u>months</u>	13 to 18 <u>months</u>	19 to 24 <u>months</u>	Greater than <u>24 months</u>
Fair value:						
FHLMC	\$ 338,179	\$ -	\$ -	\$ -	\$ -	\$ 338,179
Commercial paper	979,506	769,739	209,767	-	-	-
Municipal bonds	314,411	65,123	-	-	-	249,288
Negotiable CD's	2,940,743	-	1,128,208	-	1,023,120	789,415
U.S. Government money market	20,548	20,548	-	-	-	-
	<u>\$ 4,593,387</u>	<u>\$ 855,410</u>	<u>\$ 1,337,975</u>	<u>\$ -</u>	<u>\$ 1,023,120</u>	<u>\$ 1,376,882</u>

The weighted average maturity of investments is 1.59 years.

The District’s investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District’s investments in, federal agency securities, commercial paper, a municipal bond and negotiable CD’s are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District’s investment policy limits investment portfolio maturities to five years or less.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: U.S. Government money market mutual funds carry a rating of AAAM by Standard & Poor's. The District's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investments in commercial paper were rated A-1+ or A-1 and P-1 by Standard & Poor's and Moody's Investor Services, respectively. Municipal bonds were rated AA by Standard & Poor's. The District's investments in negotiable CD's are not rated as they are fully insured by the FDIC. The District's investment policy does not specifically address risk beyond requiring the District to only invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities, commercial paper and municipal bonds are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name. The District's investments in negotiable CDs are insured by the FDIC. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2021:

<u>Measurement/ Investment type</u>	<u>Measurement value</u>	<u>% of Total</u>
Fair value:		
FHLMC	\$ 338,179	7.36
Commercial paper	979,506	21.32
Municipal bond	314,411	6.85
Negotiable CD's	2,940,743	64.02
U.S. Government money market	<u>20,548</u>	<u>0.45</u>
	<u>\$ 4,593,387</u>	<u>100.00</u>

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2021:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 46,847,828
Cash with fiscal agent	5,852,447
Investments	<u>4,593,387</u>
Total	<u>\$ 57,293,662</u>
 <u>Cash and investments per financial statements</u>	
Governmental activities	\$ 57,088,805
Private-purpose trust fund	<u>204,857</u>
Total	<u>\$ 57,293,662</u>

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund transfers for the year ended June 30, 2021, consisted of the following, as reported on the fund financial statements:

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	<u>\$ 29,714</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

All transfers made in fiscal year 2021 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16. Transfers between governmental funds are eliminated for reporting on the government-wide financial statements.

- B. Interfund balances at June 30, 2021 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	<u>\$ 2,129,426</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed values as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Public utility real and personal property taxes received in calendar year 2021 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 6 - PROPERTY TAXES - (Continued)

The District receives property taxes from Monroe, Belmont and Noble Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available as an advance at June 30, 2021 was \$3,906,346 in the general fund, \$177,537 in the bond retirement fund (a nonmajor governmental fund), and \$56,408 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2020 was \$630,833 in the general fund, \$41,189 in the bond retirement fund (a nonmajor governmental fund), and \$9,619 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2021 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

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

	2020 Second		2021 First	
	Half Collections		Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 671,769,120	45.76	\$ 656,184,890	43.98
Public utility personal	<u>796,414,940</u>	<u>54.24</u>	<u>835,682,700</u>	<u>56.02</u>
Total	<u>\$ 1,468,184,060</u>	<u>100.00</u>	<u>\$ 1,491,867,590</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$37.30		\$37.30	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2021 consisted of property taxes, accounts, accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 47,827,418
Accounts	99,236
Accrued interest	12,899
Intergovernmental	<u>1,496,810</u>
Total	<u>\$ 49,436,363</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8 - CAPITAL ASSETS

The balances of the land asset class and the building and improvements asset class have been restated at June 30, 2020 because certain assets have been reclassified to depreciable improvements to better reflect their use. The total balance of capital assets at June 30, 2020 was unchanged due to this restatement.

	Restated Balance <u>06/30/20</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/21</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,030,070	\$ -	\$ -	\$ 1,030,070
Total capital assets, not being depreciated	<u>1,030,070</u>	<u>-</u>	<u>-</u>	<u>1,030,070</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	105,769,815	2,095,309	-	107,865,124
Furniture and equipment	4,493,049	239,068	(61,761)	4,670,356
Vehicles	<u>5,678,502</u>	<u>561,389</u>	<u>-</u>	<u>6,239,891</u>
Total capital assets, being depreciated	<u>115,941,366</u>	<u>2,895,766</u>	<u>(61,761)</u>	<u>118,775,371</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(25,969,174)	(3,689,969)	-	(29,659,143)
Furniture and equipment	(1,956,465)	(524,388)	6,471	(2,474,382)
Vehicles	<u>(3,047,773)</u>	<u>(319,180)</u>	<u>-</u>	<u>(3,366,953)</u>
Total accumulated depreciation	<u>(30,973,412)</u>	<u>(4,533,537)</u>	<u>6,471</u>	<u>(35,500,478)</u>
Governmental activities capital assets, net	<u>\$ 85,998,024</u>	<u>\$ (1,637,771)</u>	<u>\$ (55,290)</u>	<u>\$ 84,304,963</u>

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,522,930
Special	472,377
Vocational	458,001
Adult/continuing	152,643
Other	2,802
<u>Support services:</u>	
Pupil	221,954
Instructional staff	266,541
Administration	429,761
Fiscal	55,850
Business	20,533
Operations and maintenance	210,613
Pupil transportation	562,562
Central	25,151
Operation of non-instructional services:	
Food service operations	105,612
Other non-instructional services	5,579
Extracurricular activities	<u>20,628</u>
Total depreciation expense	<u>\$ 4,533,537</u>

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior years and the current year, the District entered into capitalized lease agreements for a postage machine, copier and facilities upgrade. The lease agreements meet the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statement.

Capital assets acquired by the leases have been capitalized in the amount of \$3,971,078. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements. Accumulated depreciation as of June 30, 2021 was \$413,805, leaving a current book value of \$3,557,273. Principal payments on the leases in fiscal year 2021 totaled \$363,057.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 9 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)

The following is a schedule of the future minimum lease payments required under the capital leases at June 30, 2021.

Fiscal Year Ended	Capital Leases		
	Principal	Interest	Total
2022	\$ 374,452	\$ 87,345	\$ 461,797
2023	386,402	74,751	461,153
2024	394,341	61,947	456,288
2025	407,000	48,929	455,929
2026	420,000	35,490	455,490
2027-2028	882,000	28,892	910,892
Total	<u>\$ 2,864,195</u>	<u>\$ 337,354</u>	<u>\$ 3,201,549</u>

NOTE 10 - LONG-TERM OBLIGATIONS

A. The District's long-term obligations during fiscal year 2021 were as follows:

	Balance Outstanding June 30, 2020	Additions	Reductions	Balance Outstanding June 30, 2021	Amounts Due in One Year
Governmental activities:					
<u>General obligation bonds:</u>					
2009A school improvement bonds					
Qualified school construction bonds	\$ 3,825,000	\$ -	\$ (765,000)	\$ 3,060,000	\$ 765,000
2009B school improvement bonds					
Capital appreciation bonds	19,328	-	(19,328)	-	-
Accreted interest	104,289	11,383	(115,672)	-	-
2013 refunding bonds					
Capital appreciation bonds	9,167	-	(3,266)	5,901	3,048
Accreted interest	122,500	31,041	(56,734)	96,807	56,952
2019 refunding bonds					
Current interest bonds	22,715,000	-	(350,000)	22,365,000	560,000
Total general obligation bonds payable	<u>26,795,284</u>	<u>42,424</u>	<u>(1,310,000)</u>	<u>25,527,708</u>	<u>1,385,000</u>
<u>Other long-term obligations:</u>					
Capital lease obligations	3,227,252	-	(363,057)	2,864,195	374,452
Net pension liability	31,664,728	5,546,044	-	37,210,772	-
Net OPEB liability	3,355,137	-	(327,405)	3,027,732	-
Compensated absences	1,311,709	279,255	(100,785)	1,490,179	121,048
Total other long-term obligations	<u>39,558,826</u>	<u>5,825,299</u>	<u>(791,247)</u>	<u>44,592,878</u>	<u>495,500</u>
Total long-term obligations governmental activities	<u>\$ 66,354,110</u>	<u>\$ 5,867,723</u>	<u>\$ (2,101,247)</u>	<u>\$ 70,120,586</u>	<u>\$ 1,880,500</u>

Compensated absences - Compensated absences will be paid from the fund from which the employee's salaries are paid which, for the District, is primarily the general fund and the following nonmajor governmental fund: food service.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Net pension liability - See Note 13 for details on the District's net pension liability. The District pays obligations related to employee compensation from the fund benefitting from their service, which, for the District, is primarily the general fund.

Net OPEB liability - See Note 14 for details on the District's net OPEB liability. The District pays obligations related to employee compensation from the fund benefitting from their service, which, for the District, is primarily the general fund.

Capital lease obligations - Capital lease obligations will be paid from the general fund. See Note 9 for details.

2009A school improvement bonds - On October 26, 2009, the District issued \$10,000,000 in Qualified School Construction Bonds (QSCBs) in accordance with the American Recovery and Reinvestment Act of 2009 (ARRA). These bonds were issued for the purpose of paying a portion of the local share of school construction under the State of Ohio Classroom Facilities Assistance Program, together with other improvements to school facilities, equipment, furnishings, building demolition, other site improvements, and all necessary appurtenances thereto.

The bonds bear an interest rate of 1.65% and will be repaid from the bond retirement fund from a levy approved by the voters of the District at an election held on May 5, 2009. Final maturity of the QSCBs is on September 15, 2024. The issuance included issuance costs of \$113,409 which were previously expensed.

In accordance with bond covenants, the District shall deposit in the sinking fund for the accumulation of funds necessary to pay the bonds at maturity. The District shall deposit monies annually on September 15 of each year as needed so that the balance in the sinking fund (taking into account the interest earned on such fund) shall be equal to and not exceed the amounts set forth below. The principal (sinking fund deposits) and interest requirements to maturity are as follows:

Fiscal Year Ended	2009A School Improvement Bonds		
	Qualified School Construction Bonds		
	Principal	Interest	Total
2022	\$ 765,000	\$ 165,000	\$ 930,000
2023	765,000	165,000	930,000
2024	765,000	165,000	930,000
2025	<u>765,000</u>	<u>82,500</u>	<u>847,500</u>
Total	<u>\$ 3,060,000</u>	<u>\$ 577,500</u>	<u>\$ 3,637,500</u>

2009B school improvement bonds - On November 10, 2009, the District issued \$24,999,999 in school improvement bonds. The issue consisted of tax exempt bonds (serial, term and capital appreciation) and Build America Bonds (BABs). The bonds were issued for the purpose of repaying outstanding bond anticipation notes issued for the purpose of paying the local share of school construction under the State of Ohio Classroom Facilities Assistance Program, together with other improvements to school facilities, equipment, furnishings, building demolition, other site improvements, and all appurtenances thereto. The bonds bear an interest rate of 4.00% and will be repaid from the bond retirement fund from a levy approved by the voters of the District at an election held on May 5, 2009. On June 19, 2013, the BABs portion, in the amount of \$24,500,000, was current refunded.

The capital appreciation bonds matured on December 1 of the years 2019 and 2020 (approximate initial offering yield to maturity range 4.55% - 4.65%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The bonds were retired through the bond retirement fund.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

As part of both of the 2009 bond issuances, the District, pursuant to Section 3317.18, Ohio Revised Code, and Section 3301-8-01, Ohio Administrative Code, participated in the Ohio Credit Enhancement Program, and was assigned a long-term rating of AA/Stable from Standard & Poor’s for the bond issuances. In the event the District is unable to make sufficient debt service payments and the payment will not be made by a credit enhancement facility, the Ohio Department of Education will make the sufficient payment.

2013 school improvement refunding bonds - On June 19, 2013, the District issued general obligation bonds (2013 school improvement refunding bonds) to current refund the 2009B Build America Bonds.

The refunding issue is comprised of both current interest bonds (term and serial bonds), par value \$24,460,000, and capital appreciation bonds, par value \$39,994. The interest rate on the current interest bonds ranges from 3.00-5.00%. The capital appreciation bonds mature on December 1 of the years 2019-2022 (approximate initial offering yield to maturity range 2.15% - 3.10%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the outstanding capital appreciation bonds is \$120,000. The bonds will be retired through the bond retirement fund. A total of \$96,807 in accreted interest on the capital appreciation bonds has been included on the statement of net position at June 30, 2021.

The reacquisition price exceeded the net carrying amount of the old debt by \$492,657, which was expensed in the year of issuance. The District completed its refunding to reduce its total debt service requirements over the subsequent twenty-five years by \$1,161,920 in order to obtain an economic gain of \$670,909.

On November 27, 2019, the District issued \$22,715,000 (2019 school improvement refunding bonds) to advance refund the callable portion of the bonds. The refunded portions of the 2013 bonds included all of the serial and term bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

Principal and interest to maturity for the 2013 capital appreciation bonds are as follows:

Fiscal Year Ended	2013 School Improvement Bonds		
	Capital Appreciation Bonds		
	Principal	Interest	Total
2022	\$ 3,048	\$ 56,952	\$ 60,000
2023	2,853	57,147	60,000
Total	\$ 5,901	\$ 114,099	\$ 120,000

2019 school improvement refunding bonds - On November 27, 2019, the District issued general obligation bonds (2019 school improvement refunding bonds) to advance refund the serial and term portions of the 2013 school improvement refunding bonds. The issuance proceeds of \$22,349,516 and a \$4,000,000 contribution from the District’s bond retirement fund were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The principal balance outstanding of the defeased bonds was \$24,460,000 at June 30, 2021.

The refunding issue is comprised of current interest bonds (serial bonds), par value \$22,715,000. The interest rate on the current interest bonds ranges from 1.925-3.175%. The bonds will be retired through the bond retirement fund.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The reacquisition price exceeded the net carrying amount of the old debt by \$1,449,709, which is being netted against the new debt and amortized over the remaining life of the refunding debt. The District completed its refunding to reduce its total future debt service requirements \$7,404,296 in order to obtain an economic gain of \$4,545,031.

Interest payments on the current interest bonds are due June 1 and December 1 each year. The final maturity stated on the issue is December 1, 2035.

Optional Redemption

The current interest refunding bonds maturing on or after December 1, 2030 are subject to optional redemption prior to maturity, in whole or in part on any date in any order of maturity as determined by the Board of Education and by lot within a maturity, at the option of the Board of Education on or after December 1, 2029, at par plus accrued interest thereon.

Principal and interest requirements to maturity for the 2019 current interest bonds are as follows:

Fiscal Year Ended	2019 School Improvement Bonds		
	Current Interest Bonds		
	Principal	Interest	Total
2022	\$ 560,000	\$ 601,486	\$ 1,161,486
2023	575,000	590,382	1,165,382
2024	670,000	577,605	1,247,605
2025	710,000	562,697	1,272,697
2026	1,580,000	535,793	2,115,793
2027-2031	8,510,000	2,045,391	10,555,391
2032-2036	<u>9,760,000</u>	<u>764,951</u>	<u>10,524,951</u>
Total	<u>\$ 22,365,000</u>	<u>\$ 5,678,305</u>	<u>\$ 28,043,305</u>

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2021, are a voted debt margin of \$112,473,961 (included available funds of \$3,636,779) and an unvoted debt margin of \$1,491,868.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2021, the District has participated in the Ohio School Plan (OSP) to provide coverage in the following amounts:

Coverage	Limits of Coverage	Deductible
Ohio School Plan		
General liability:		
Each occurrence	\$ 2,000,000	\$ -
Aggregate	4,000,000	-
Fiduciary liability		
Each occurrence	2,000,000	2,500
Aggregate	4,000,000	2,500
Fleet:		
Liability	2,000,000	-
Uninsured motorist	1,000,000	-
Medical pay	5,000	-
Comprehensive	-	250
Collision	-	250
Building and contents	120,281,078	2,500
Errors and omissions		
Each occurrence	2,000,000	5,000
Aggregate	4,000,000	5,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There was no significant reduction in coverage from the prior year.

B. Workers' Compensation

For fiscal year 2021, the District participated in the Ohio SchoolComp Workers' Compensation Group Retrospective Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve lower workers' compensation rates while establishing safer working conditions and environments for participants.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - RISK MANAGEMENT - (Continued)

The participating school districts continue to pay their own premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating school districts can either receive a refund or assessment. Employers will pay experience or based rate premiums under the same terms as if they were not in a retro group. The total premium for the entire group is the standard premium of the group. The standard premium serves as the benchmark that is adjusted up and down retroactively. In order to allocate the savings derived by formation of the GRP, the GRP's executive committee annually calculates the group-retrospective premium based on developed incurred claim losses for the whole group. The new premium is compared to the standard premium. If the retrospective premium is lower than the standard premium, a refund will be distributed to the employers of the group. If the retrospective premium is higher, an assessment will be charged to each participant. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc. serves as the third party administrator of the GRP and provides administrative, cost control, and actuarial services. Each year, the District pays an enrollment fee to the GRP to cover the costs of administering the program. The District may withdraw from the GRP if notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the GRP prior to withdrawal.

C. Employee Medical Benefits

The District is a member of the Jefferson Health Plan, a risk sharing, claims servicing, and insurance purchasing pool, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the District's behalf. All employees were offered coverage for medical/surgical and prescription drug coverage through the Jefferson Health Plan. The Board pays 90 percent of premiums. The claims liability of \$1,012,149 reported in the internal service fund at June 30, 2021, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling claims.

Changes in claims activity for the fiscal year is as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2021	\$ 655,419	\$ 8,122,866	\$ (7,766,136)	\$ 1,012,149
2020	771,937	6,499,561	(6,616,079)	655,419

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve-month contract do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave accumulation is limited to 260 days for classified employees and 270 days for certified employees. Upon retirement, payment is made for twenty-five percent of the total sick leave accumulation.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 12 - OTHER EMPLOYEE BENEFITS - (Continued)

B. Insurance Benefits

The District provides life insurance and accidental death and dismemberment insurance to most employees through Mutual of Omaha. Coverage in the amount of \$50,000 is provided for all certified and non-certified employees. Administrators have coverage of twice their salary amount with a maximum of \$100,000.

The District has contracted with Delta Dental to provide dental coverage. Rates are set through an annual calculation process. The monthly premium for dental coverage was funded entirely by the District.

The District has contracted with Vision Service Plan to provide employee vision benefits. Rates are set through an annual calculation process. The employee shares the cost of the monthly premiums. The District paid ninety percent of the premiums and employees paid ten percent.

C. Retirement Incentive

The District's negotiated agreement with the Switzerland of Ohio Education Association provides for payment of one-half of total accumulated sick leave to any certificated staff who is covered under their contract and retires in the first year that they become eligible to receive benefits from the State Teachers Retirement System. Any certificated staff covered under this contract who retires at any other time is eligible to receive one-fourth of their accumulated sick leave (see compensated absences).

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

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

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in pension and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or 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; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the start of a COLA for future retirees. For 2021, the COLA was 0.5%.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% 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% for plan members and 14% 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%.

The District's contractually required contribution to SERS was \$774,398 for fiscal year 2021. Of this amount, \$185,228 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, 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 website at www.strsoh.org.

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2021, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$2,264,315 for fiscal year 2021. Of this amount, \$402,548 is reported as pension and postemployment benefits payable.

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

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

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.13172800%	0.10754627%	
Proportion of the net pension liability current measurement date	<u>0.13846400%</u>	<u>0.11593635%</u>	
Change in proportionate share	<u>0.00673600%</u>	<u>0.00839008%</u>	
Proportionate share of the net pension liability	\$ 9,158,301	\$ 28,052,471	\$ 37,210,772
Pension expense	\$ 1,623,269	\$ 5,002,432	\$ 6,625,701

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MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 17,789	\$ 62,941	\$ 80,730
Net difference between projected and actual earnings on pension plan investments	581,366	1,364,200	1,945,566
Changes of assumptions	-	1,505,876	1,505,876
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	300,824	3,401,008	3,701,832
Contributions subsequent to the measurement date	<u>774,398</u>	<u>2,264,315</u>	<u>3,038,713</u>
Total deferred outflows of resources	<u>\$ 1,674,377</u>	<u>\$ 8,598,340</u>	<u>\$ 10,272,717</u>
Deferred inflows of resources			
Differences between expected and actual experience	<u>\$ -</u>	<u>\$ 179,377</u>	<u>\$ 179,377</u>
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 179,377</u>	<u>\$ 179,377</u>

\$3,038,713 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ 209,232	\$ 2,317,849	\$ 2,527,081
2023	266,404	1,556,310	1,822,714
2024	242,324	1,304,995	1,547,319
2025	<u>182,019</u>	<u>975,494</u>	<u>1,157,513</u>
Total	<u>\$ 899,979</u>	<u>\$ 6,154,648</u>	<u>\$ 7,054,627</u>

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investment expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2020, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

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

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 12,545,754	\$ 9,158,301	\$ 6,316,163

Actuarial Assumptions - STRS

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

	July 1, 2020
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

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MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

For the July 1, 2020, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 39,941,836	\$ 28,052,471	\$ 17,977,226

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 13 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% 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 post-employment 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% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was \$91,329.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$91,329 for fiscal year 2021. Of this amount, \$91,329 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.13341620%	0.10754627%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.13931320%</u>	<u>0.11593635%</u>	
Change in proportionate share	<u>0.00589700%</u>	<u>0.00839008%</u>	
Proportionate share of the net OPEB liability	\$ 3,027,732	\$ -	\$ 3,027,732
Proportionate share of the net OPEB asset	\$ -	\$ 2,037,581	\$ 2,037,581
OPEB expense	\$ 169,234	\$ 15,591	\$ 184,825

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 39,765	\$ 130,559	\$ 170,324
Net difference between projected and actual earnings on OPEB plan investments	34,113	71,409	105,522
Changes of assumptions	516,122	33,635	549,757
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	464,292	518,455	982,747
Contributions subsequent to the measurement date	<u>91,329</u>	<u>-</u>	<u>91,329</u>
Total deferred outflows of resources	<u>\$ 1,145,621</u>	<u>\$ 754,058</u>	<u>\$ 1,899,679</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 1,539,812	\$ 405,855	\$ 1,945,667
Changes of assumptions	76,262	1,935,364	2,011,626
Total deferred inflows of resources	\$ 1,616,074	\$ 2,341,219	\$ 3,957,293

\$91,329 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ (89,846)	\$ (389,418)	\$ (479,264)
2023	(87,382)	(341,084)	(428,466)
2024	(87,780)	(324,129)	(411,909)
2025	(128,313)	(349,717)	(478,030)
2026	(123,772)	(86,305)	(210,077)
Thereafter	(44,689)	(96,508)	(141,197)
Total	\$ (561,782)	\$ (1,587,161)	\$ (2,148,943)

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.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.45%
Prior measurement date	3.13%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	2.63%
Prior measurement date	3.22%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

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

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

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

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45%, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.13% was used as of June 30, 2019. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate (7.00% decreasing to 4.75%).

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	District's proportionate share of the net OPEB liability	\$ 3,705,868	\$ 3,027,732

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
	District's proportionate share of the net OPEB liability	\$ 2,384,108	\$ 3,027,732

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation, compared with July 1, 2019, are presented below:

	July 1, 2020		July 1, 2019	
	Initial	Ultimate	Initial	Ultimate
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
Medical				
Pre-Medicare	5.00%	4.00%	5.87%	4.00%
Medicare	-6.69%	4.00%	4.93%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	7.73%	4.00%
Medicare	11.87%	4.00%	9.62%	4.00%

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

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

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

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

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

**10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' 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 asset was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was 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% was used to measure the total OPEB asset as of June 30, 2020.

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 1,772,827	\$ 2,037,581	\$ 2,262,213
		Current Trend Rate	
	1% Decrease	1% Increase	
District's proportionate share of the net OPEB asset	\$ 2,248,269	\$ 2,037,581	\$ 1,780,928

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) 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 an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 11,489,672
Net adjustment for revenue accruals	3,342,929
Net adjustment for expenditure accruals	(162,298)
Net adjustment for other sources/uses	1,217,726
Funds budgeted elsewhere	83,735
Adjustment for encumbrances	1,047,685
GAAP basis	<u>\$ 17,019,449</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the River High School scholarship fund, special services rotary fund, adult education fund, unclaimed monies fund, severance fund, public school support fund and the IRS Section 125 medical and dependent care fund.

NOTE 16 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 16 - SET-ASIDES - (Continued)

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2020	\$ -
Current year set-aside requirement	360,068
Current year qualifying expenditures	(394,423)
Current year offsets	<u>(693,701)</u>
Total	<u>\$ (728,056)</u>
Balance carried forward to fiscal year 2022	<u>\$ -</u>
Set-aside balance June 30, 2021	<u>\$ -</u>

Debt proceeds may be used to reduce the capital set-aside reserve. The amount used each fiscal year is limited to the amount of revenue collected to service the debt or the set-aside balance less any offsets and qualified expenditures. The 2009 school improvement bonds proceeds less the accumulated amount of debt proceeds used as an offset is carried forward to future fiscal years until consumed. The amount of debt proceeds that may be used as an offset in future fiscal years is \$9,024,160.

NOTE 17 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state, and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

C. Foundation Funding

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, additional ODE adjustments for fiscal year 2021 have been finalized and did not result in a material receivable or liability to the District.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 18 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District's investment portfolio and the pension and other employee benefits plan in which the District participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 19 - OTHER COMMITMENTS

The 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 year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Fiscal Year-End Encumbrances</u>
General	\$ 875,397
Nonmajor governmental	<u>1,110,028</u>
Total	<u>\$ 1,985,425</u>

NOTE 20 - SUBSEQUENT EVENT

For fiscal year 2022, District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school and scholarship funding will be directly funded by the State of Ohio to the respective schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the respective school. For fiscal year 2021, the District reported \$389,814 in revenue and expenditures/expense related to these programs. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each District. The District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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REQUIRED SUPPLEMENTARY INFORMATION

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.13846400%	0.13172800%	0.12657440%	0.10841180%
District's proportionate share of the net pension liability	\$ 9,158,301	\$ 7,881,517	\$ 7,249,151	\$ 6,477,365
District's covered payroll	\$ 4,871,400	\$ 4,551,904	\$ 4,166,993	\$ 3,620,714
District's proportionate share of the net pension liability as a percentage of its covered payroll	188.00%	173.15%	173.97%	178.90%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.10137080%	0.09828170%	0.09934200%	0.09934200%
\$ 7,419,407	\$ 5,608,049	\$ 5,027,643	\$ 5,907,550
\$ 3,170,786	\$ 2,951,914	\$ 2,885,029	\$ 2,817,863
233.99%	189.98%	174.27%	209.65%
62.98%	69.16%	71.70%	65.52%

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.11593635%	0.10754627%	0.10267246%	0.08688143%
District's proportionate share of the net pension liability	\$ 28,052,471	\$ 23,783,211	\$ 22,575,369	\$ 20,638,870
District's covered payroll	\$ 14,881,307	\$ 12,780,964	\$ 11,770,464	\$ 9,748,571
District's proportionate share of the net pension liability as a percentage of its covered payroll	188.51%	186.08%	191.80%	211.71%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014
0.08216114%	0.08094150%	0.08418490%	0.09933820%
\$ 27,501,811	\$ 22,369,864	\$ 20,476,682	\$ 28,782,198
\$ 8,670,814	\$ 8,490,007	\$ 8,292,069	\$ 9,812,423
317.18%	263.48%	246.94%	293.32%
66.80%	72.10%	74.70%	69.30%

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 774,398	\$ 681,996	\$ 614,507	\$ 562,544
Contributions in relation to the contractually required contribution	<u>(774,398)</u>	<u>(681,996)</u>	<u>(614,507)</u>	<u>(562,544)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,531,414	\$ 4,871,400	\$ 4,551,904	\$ 4,166,993
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 506,900	\$ 443,910	\$ 389,062	\$ 423,063	\$ 389,992	\$ 397,970
<u>(506,900)</u>	<u>(443,910)</u>	<u>(389,062)</u>	<u>(423,063)</u>	<u>(389,992)</u>	<u>(397,970)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,620,714	\$ 3,170,788	\$ 2,951,914	\$ 3,052,405	\$ 2,817,858	\$ 2,958,885
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 2,264,315	\$ 2,083,383	\$ 1,789,335	\$ 1,647,865
Contributions in relation to the contractually required contribution	<u>(2,264,315)</u>	<u>(2,083,383)</u>	<u>(1,789,335)</u>	<u>(1,647,865)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 16,173,679	\$ 14,881,307	\$ 12,780,964	\$ 11,770,464
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 1,364,800	\$ 1,213,914	\$ 1,188,601	\$ 1,077,969	\$ 1,275,615	\$ 1,341,299
<u>(1,364,800)</u>	<u>(1,213,914)</u>	<u>(1,188,601)</u>	<u>(1,077,969)</u>	<u>(1,275,615)</u>	<u>(1,341,299)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,748,571	\$ 8,670,814	\$ 8,490,007	\$ 8,292,069	\$ 9,812,423	\$ 10,317,685
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.13931320%	0.13341620%	0.12819340%	0.11000490%
District's proportionate share of the net OPEB liability	\$ 3,027,732	\$ 3,355,137	\$ 3,556,430	\$ 2,952,243
District's covered payroll	\$ 4,871,400	\$ 4,551,904	\$ 4,166,993	\$ 3,620,714
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	62.15%	73.71%	85.35%	81.54%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017

0.10261790%

\$ 2,924,990

\$ 3,170,786

92.25%

11.49%

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability/asset	0.11593635%	0.10754627%	0.10267246%	0.08688143%
District's proportionate share of the net OPEB liability/(asset)	\$ (2,037,581)	\$ (1,781,224)	\$ (1,649,841)	\$ 3,389,792
District's covered payroll	\$ 14,881,307	\$ 12,780,964	\$ 11,770,464	\$ 9,748,571
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	13.69%	13.94%	14.02%	34.77%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	174.70%	176.00%	47.10%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017

0.08216114%

\$ 4,393,999

\$ 8,670,814

50.68%

37.33%

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 91,329	\$ 68,826	\$ 96,793	\$ 89,130
Contributions in relation to the contractually required contribution	<u>(91,329)</u>	<u>(68,826)</u>	<u>(96,793)</u>	<u>(89,130)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,531,414	\$ 4,871,400	\$ 4,551,904	\$ 4,166,993
Contributions as a percentage of covered payroll	1.65%	1.41%	2.13%	2.14%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 59,918	\$ 51,452	\$ 75,596	\$ 54,358	\$ 55,755	\$ 65,076
<u>(59,918)</u>	<u>(51,452)</u>	<u>(75,596)</u>	<u>(54,358)</u>	<u>(55,755)</u>	<u>(65,076)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,620,714	\$ 3,170,788	\$ 2,951,914	\$ 3,052,405	\$ 2,817,858	\$ 2,958,885
1.65%	1.62%	2.56%	1.78%	1.98%	2.20%

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 16,173,679	\$ 14,881,307	\$ 12,780,964	\$ 11,770,464
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ 82,921	\$ 98,124	\$ 103,177
-	-	-	(82,921)	(98,124)	(103,177)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,748,571	\$ 8,670,814	\$ 8,490,007	\$ 8,292,069	\$ 9,812,423	\$ 10,317,685
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2021.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2019-2021.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

(Continued)

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%. For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021. For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate. For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (PREPARED BY MANAGEMENT)
FOR THE YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal ALN Number	Grant Year	Cash Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553	N/A	\$ 277,485	\$ -
School Breakfast Program - COVID19	10.553	N/A	90,608	-
National School Lunch Program	10.555	N/A	435,563	111,911
National School Lunch Program - COVID19	10.555	N/A	145,405	-
<i>Total Child Nutrition Cluster</i>			<u>949,061</u>	<u>111,911</u>
Total U.S. Department of Agriculture			<u>949,061</u>	<u>111,911</u>
UNITED STATES DEPARTMENT OF TREASURY				
<i>Passed Through Ohio Department of Education</i>				
Coronavirus Relief Fund	21.019	2021	169,670	-
Coronavirus Relief Fund	21.019	2021	5,560	-
Total U.S. Department of Treasury			<u>175,230</u>	<u>-</u>
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
<i>Title I</i>				
Title I Grants to Local Education Agencies	84.010	2020	77,460	-
Title I Grants to Local Education Agencies	84.010	2021	585,057	-
School Improvement Sub A. Title I	84.010	2021	104,398	-
School Improvement Sub A. Title I	84.010	2020	15,241	-
Improving Basic Programs Operated by Local Educational Agencies (Title I, Part A)	84.010A	2021	12,692	-
School Improvement Sub A. Title I	84.010	2021	97,034	-
<i>Total Title I</i>			891,882	-
<i>Special Education Cluster</i>				
Special Education Grants to States - IDEA Part B	84.027	2020	57,020	-
Special Education Grants to States - IDEA Part B	84.027	2021	352,026	-
Special Education Preschool Grants - (IDEA Preschool)	84.173	2021	3,533	-
<i>Total Special Education Cluster</i>			412,579	-
<i>Career and Technical Education</i>				
Career and Technical Education Basic Grants to States	84.048	2020	2,764	-
Career and Technical Education Basic Grants to States	84.048	2021	13,575	-
<i>Total Career and Technical Education</i>			16,339	-
<i>Twenty-First Century Community Learning Centers</i>				
Twenty-First Century Community Learning Centers	84.287	2020	17,620	-
Twenty-First Century Community Learning Centers	84.287	2021	133,241	-
<i>Total Twenty-First Century Community Learning Centers</i>			150,861	-
<i>Rural Education</i>				
Rural Education	84.358	2020	3,830	-
Rural Education	84.358	2021	32,369	-
<i>Total Rural Education</i>			36,199	-
<i>Improving Teacher Quality State Grants</i>				
Improving Teacher Quality State Grants	84.367	2020	825	-
Improving Teacher Quality State Grants	84.367	2021	86,147	-
<i>Total Improving Teacher Quality State Grants</i>			86,972	-
<i>Student Support and Academic Enrichment Program</i>				
Student Support and Academic Enrichment Program	84.424	2020	1,847	-
Student Support and Academic Enrichment Program	84.424	2021	30,139	-
<i>Total Student Support and Academic Enrichment Program</i>			31,986	-
<i>Education Stabilization Fund</i>				
Education Stabilization Fund	84.425	2021	588,694	-
Education Stabilization Fund	84.425	2022	372,690	-
<i>Total Education Stabilization Fund</i>			961,384	-
Total U.S. Department of Education			<u>2,588,202</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 3,712,493</u>	<u>\$ 111,911</u>

The accompanying notes are an integral part of this schedule.

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(PREPARED BY MANAGEMENT)
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Switzerland of Ohio Local School District
Monroe County
304 Mill Street
Woodsfield, Ohio 43793

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Switzerland of Ohio Local School District, Monroe County, Ohio (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 29, 2021, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District and the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*.

Internal Controls Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 29, 2021.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
December 29, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

Switzerland of Ohio Local School District
Monroe County
304 Mill Street
Woodsfield, Ohio 43793

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Switzerland of Ohio Local School District, Monroe County, Ohio's, (District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the District's major federal program for the year ended June 30, 2021. The District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings.

Management's Responsibility

Management is responsible for compliance 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 express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Switzerland of Ohio Local School District, Monroe County, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2021.

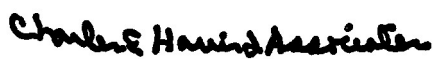
Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
December 29, 2021

**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY, OHIO
SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



**SWITZERLAND OF OHIO LOCAL SCHOOL DISTRICT
MONROE COUNTY**

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/10/2022

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