

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

OHIO AUDITOR OF STATE
KEITH FABER



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

Board of Education
Westfall Local School District
19463 Pherson Pike
Williamsport, Ohio 43164

We have reviewed the *Independent Auditor's Report* of the Westfall Local School District, Pickaway County, prepared by Julian & Grube, 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 Westfall Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

January 26, 2022

This page intentionally left blank.

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

TABLE OF CONTENTS

Independent Auditor’s Report.....	1 - 2
Management’s Discussion and Analysis.....	3 - 11
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities.....	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund	18
Notes to the Basic Financial Statements	19 - 62
Required Supplementary Information:	
Schedule of School District’s Proportionate Share of the Net Pension Liability:	
School Employees Retirement System (SERS) of Ohio	64
State Teachers Retirement System (STRS) of Ohio	65
Schedule of School District Pension Contributions:	
School Employees Retirement System (SERS) of Ohio	66
State Teachers Retirement System (STRS) of Ohio	67
Schedule of School District’s Proportionate Share of the Net OPEB Liability/Asset:	
School Employees Retirement System (SERS) of Ohio	68
State Teachers Retirement System (STRS) of Ohio	69
Schedule of School District OPEB Contributions:	
School Employees Retirement System (SERS) of Ohio	70
State Teachers Retirement System (STRS) of Ohio	71
Notes to Schedules of Required Supplementary Information	72 - 74
Supplementary Information:	
Schedule of Expenditures of Federal Awards	76
Notes to the Schedule of Expenditures of Federal Awards	77
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	78 - 79
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	80 - 81
Schedule of Findings 2 <i>CFR</i> § 200.515	82
Summary Schedule of Prior Audit Findings 2 <i>CFR</i> § 200.511(b)	83

This page intentionally left blank.

Independent Auditor's Report

Westfall Local School District
Pickaway County
19463 Pherson Pike
Williamsport, Ohio 43164

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Westfall Local School District, Pickaway County, Ohio, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Westfall Local School District's basic financial statements as listed in the table of contents.

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 the 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 opinions 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 Westfall Local School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Westfall Local School 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 statements.

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

Opinions

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

Emphasis of Matters

As described in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Westfall Local School District. As described in Note 20 to the financial statements, the Westfall Local School District adopted new accounting guidance, GASBS No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to these matters.

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 and other post-employment benefit assets and liabilities and pension and other post-employment benefit contributions* listed in the table of contents, be presented 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Westfall Local School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021, on our consideration of the Westfall Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Westfall Local School District's 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 Westfall Local School District's internal control over financial reporting and compliance.

Julian & Grube, Inc.

WESTFALL LOCAL SCHOOL DISTRICT

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

(UNAUDITED)

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

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the School District exceeded its liabilities and deferred inflows of resources at June 30, 2021 by \$15.8 million. This balance was comprised of a \$10.3 million net investment in capital assets, a \$4.1 million balance in net position restricted for specific purposes and a positive balance of \$1.4 million in unrestricted net position.
- In total, net position of governmental activities increased by \$39,618 which represents a less than 1 percent increase from 2020.
- General revenues accounted for \$18.9 million or 83 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3.8 million or 17 percent of total revenues.
- The School District had \$22.7 million in expenses related to governmental activities; \$3.8 million of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes and grants and entitlements) of \$18.9 million were adequate to provide for the remainder of these programs.

USING THIS ANNUAL FINANCIAL REPORT

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

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

WESTFALL LOCAL SCHOOL DISTRICT

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

(UNAUDITED)

Reporting the School District as a Whole

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the School District’s finances, in a manner similar to private-sector business. The statement of net position and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District’s finances and a longer-term view of those finances. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is 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.

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

The statement of activities presents information showing how the School District’s net position changed during the recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

Reporting the School District’s Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s three major governmental funds are the General Fund, Bond Retirement Fund, and Permanent Improvement Fund.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into one of three categories: governmental, proprietary and fiduciary funds. The School District has no proprietary or fiduciary funds.

WESTFALL LOCAL SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

(UNAUDITED)

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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.

This space intentionally left blank.

WESTFALL LOCAL SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(UNAUDITED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

Table 1
Net Position

	Governmental Activities	
	2021	Restated 2020
Assets		
Current and Other Assets	\$ 66,639,048	\$ 34,309,057
Capital Assets, Net	12,602,797	11,425,650
Total Assets	79,241,845	45,734,707
Deferred Outflows of Resources		
Pension	3,471,815	3,338,649
OPEB	572,860	383,695
Total Deferred Outflows of Resources	4,044,675	3,722,344
Liabilities		
Current and Other Liabilities	2,346,263	2,340,419
Long-Term Liabilities:		
Due Within One Year	2,055,715	610,019
Due in More Than One Year:		
Net Pension Liability	18,643,548	16,821,216
Net OPEB Liability	1,531,044	1,711,973
Other Amounts Due in More Than One Year	31,871,160	1,868,200
Total Liabilities	56,447,730	23,351,827
Deferred Inflows of Resources		
Property Taxes	8,712,577	7,576,501
Pension	202,816	946,969
OPEB	2,075,050	1,734,045
Deferred Amount on Refunding	58,470	97,450
Total Deferred Inflows of Resources	11,048,913	10,354,965
Net Position		
Net Investment in Capital Assets	10,313,508	9,093,943
Restricted	4,076,598	4,111,316
Unrestricted	1,399,771	2,545,000
Total Net Position	\$ 15,789,877	\$ 15,750,259

WESTFALL LOCAL SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

(UNAUDITED)

Current and Other Assets increased significantly in comparison with the prior fiscal year-end. This increase is primarily the result of unspent proceeds related to new construction projects.

Capital assets, net and net investment in capital assets both increased in comparison with the prior fiscal year. These fluctuations are primarily the result of current year additions less depreciation.

Other Long-Term Liabilities increased significantly in comparison with the prior fiscal year-end. This increase is the result of the issuance of two new bonds.

The net pension and net OPEB liabilities, net OPEB asset, and related deferred outflows and inflows of resources related to pensions/OPEB all fluctuated in comparison with the prior fiscal year-end. These fluctuations are primarily the result of changes in benefit terms, changes in actuarial assumptions, and investment returns.

The School District's largest portion of net position is related to amounts invested in capital assets, net of related debt. The School District used these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities. A portion of the School District's net position is restricted. This portion of net position is subject to external restrictions on how it may be used.

This space intentionally left blank.

WESTFALL LOCAL SCHOOL DISTRICT

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

(UNAUDITED)

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

	Governmental Activities	
	2021	2020
Revenues		
Program Revenues		
Charges for Services and Sales	\$ 1,181,688	\$ 1,212,635
Operating Grants and Contributions	2,643,815	1,651,271
Total Program Revenues	<u>3,825,503</u>	<u>2,863,906</u>
General Revenues		
Property Taxes	9,845,750	9,393,682
Grants and Entitlements Not Restricted	8,306,342	8,139,142
Payment in Lieu of Taxes	9,684	908
Investment Earnings	122,617	806,239
Miscellaneous	640,393	344,752
Total General Revenues	<u>18,924,786</u>	<u>18,684,723</u>
Total Revenues	<u>22,750,289</u>	<u>21,548,629</u>
Program Expense		
Instruction	13,859,082	11,811,962
Support Services	6,979,462	7,296,935
Operation of Non-Instructional Services	631,131	629,657
Extracurricular Activities	464,433	460,407
Interest and Fiscal Charges	776,563	7,490
Total Expenses	<u>22,710,671</u>	<u>20,206,451</u>
Change in Net Position	<u>39,618</u>	<u>1,342,178</u>
Net Position, Beginning of Year, Restated	15,750,259	14,354,719
Restatement, See Note 20	-	53,362
Net Position, End of Year	<u>\$ 15,789,877</u>	<u>\$ 15,750,259</u>

The comparative column was not restated for the implementation of GASB 84.

Operating Grants and Contributions increased significantly in comparison with the prior fiscal year. This increase is primarily the result of CARES Act funding received during the fiscal year.

Total Expenses increased in comparison with the prior fiscal year. This increase is primarily the result of inflationary salary and benefit increases.

WESTFALL LOCAL SCHOOL DISTRICT

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

(UNAUDITED)

GOVERNMENTAL ACTIVITIES

The School District is heavily dependent on property taxes and intergovernmental revenue. Property taxes made up 43 percent and unrestricted intergovernmental revenue made up 37 percent of the total revenue for the governmental activities in fiscal year 2021.

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

The School District’s intergovernmental revenue consists of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2021, the School District received \$7.4 million through the State’s foundation program, which represents 33 percent of the total revenue for the governmental activities. The School District relies heavily on this state funding to operate at the current levels of service.

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

Table 3
Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2021		2020	
<i>Program Disbursements</i>				
Instruction	\$ 13,859,082	\$ 11,434,755	\$ 11,811,962	\$ 10,236,869
Support Services	6,979,462	6,370,132	7,296,935	6,940,441
Non-Instructional Services	631,131	19,523	629,657	(124,460)
Extracurricular Activities	464,433	284,195	460,407	282,205
Interest and Fiscal Charges	776,563	776,563	7,490	7,490
Total	<u>\$ 22,710,671</u>	<u>\$ 18,885,168</u>	<u>\$ 20,206,451</u>	<u>\$ 17,342,545</u>

The comparative column was not restated for the implementation of GASB 84.

WESTFALL LOCAL SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

(UNAUDITED)

THE SCHOOL DISTRICT'S FUNDS

The School District's governmental funds are accounted for using the modified accrual basis of accounting. (See Note 2 for discussion of significant accounting policies and procedures). All governmental funds had total revenues and other financing sources of \$54.2 million, exceeding expenditures and other financing uses of \$23.5 million. Total governmental funds fund balance increased by \$30.7 million.

The fund balance in the General Fund decreased by \$159,367 during the fiscal year. Property taxes increased from prior year. Intergovernmental revenues increased slightly over prior year. Total Expenditures increased slightly as a result of inflationary increases.

The fund balance in the Bond Retirement Fund increased \$558,300 during the fiscal year. This increase represents the amount in which property taxes and new bond premiums exceeded expenditures.

The fund balance in the Permanent Improvement Fund increased \$925,997 during the fiscal year. This increase represents the amount in which permanent improvement property tax and related intergovernmental receipts and new bond premiums exceeded expenditures.

The fund balance in the Building Fund increased \$29.2 million. This increase is primarily the result of two new bond issuances for construction projects.

General Fund Budgeting Highlights

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

During fiscal year 2021, the School District amended its General Fund budget. The School District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisors' flexibility for site management.

The School District prepares and monitors a detailed cash flow plan for the General Fund. Actual cash flow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final revenue budget was \$18.2 million, which was \$665,345 more than the original revenue budget. This increase was primarily due to property tax and intergovernmental revenue estimates.

For the General Fund, the final expenditure budget was \$19.4 million which was \$16,215,699 less than the original expenditure budget. This decrease is due to the School District being conservative at the beginning of the year for unknown costs. The General Fund unobligated balance as of June 30, 2021 was \$16.8 million.

WESTFALL LOCAL SCHOOL DISTRICT

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

(UNAUDITED)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At fiscal year-end, the School District had \$12.6 million invested in capital assets, an increase of \$1.2 million in comparison with the prior fiscal year. This increase represents the amount in which current year capital acquisitions (\$2.3 million) exceeded current year depreciation (\$1.1 million). More detailed information regarding the School District’s capital assets can be found in Note 7 to the basic financial statements.

Debt Administration

At June 30, 2021, the School District had \$32.8 million in debt outstanding, an increase of \$31.3 million in comparison with the prior fiscal year. This increase represents the amount in which new debt issuances (\$31.8 million) exceeded principal reduction payments (\$445,000) and premium amortizations (\$67,113). More detailed information regarding the School District’s long-term obligations can be found in Note 9 to the basic financial statements.

CURRENT ISSUES

As indicated in the preceding financial information, the School District is dependent on property taxes. Property tax revenue does not increase solely as a result of inflation. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding to meet inflation. Careful financial planning has permitted the School District to provide a quality education for our students.

As always, the administration of the School District must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the School District.

CONTACTING THE SCHOOL DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District’s finances and to show the School District’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Brian Ramsay, Treasurer, Westfall Local School Board of Education, 19463 Pherson Pike, Williamsport, Ohio 43164.

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets	
Pooled Cash and Investments	\$ 23,496,159
Cash with Fiscal Agent	638,638
Investments in a Segregated Account	30,014,865
Receivables:	
Property Taxes	10,397,790
Intergovernmental	652,509
Accounts	150,550
Interest	36,784
Prepaid Items	227,079
OPEB Asset	1,024,674
Nondepreciable Capital Assets	1,134,121
Depreciable Capital Assets, Net	11,468,676
Total Assets	79,241,845
Deferred Outflows of Resources	
Pension	3,471,815
OPEB	572,860
Total Deferred Outflows of Resources	4,044,675
Liabilities	
Accounts Payable	622,353
Accrued Wages and Benefits Payable	1,408,357
Intergovernmental Payable	236,580
Accrued Interest Payable	78,973
Long-Term Liabilities	
Due Within One Year	2,055,715
Due in More Than One Year:	
Net Pension Liability	18,643,548
Net OPEB Liability	1,531,044
Other Amounts Due in More Than One Year	31,871,160
Total Liabilities	56,447,730
Deferred Inflows of Resources	
Property Taxes	8,712,577
Pension	202,816
OPEB	2,075,050
Deferred Amount on Refunding	58,470
Total Deferred Inflows of Resources	11,048,913
Net Position	
Net Investment in Capital Assets	10,313,508
Restricted for:	
Capital Outlay	910,750
Debt Service	1,615,067
Classroom Facilities and Maintenance	258,261
Food Services	275,594
Student Activities	152,803
State and Federal Grants	863,766
Other Purposes	357
Unrestricted	1,399,771
Total Net Position	\$ 15,789,877

See accompanying notes to the basic financial statements.

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$ 9,326,684	\$ 604,268	\$ 795,929	\$ (7,926,487)
Special	3,704,834	257,384	670,503	(2,776,947)
Vocational	29,716	2,040	-	(27,676)
Other	797,848	56,338	37,865	(703,645)
Support services:				
Pupils	381,806	-	535,145	153,339
Instructional Staff	1,565,358	-	34,851	(1,530,507)
Board of Education	93,216	-	-	(93,216)
Administration	1,478,206	-	-	(1,478,206)
Fiscal	516,387	-	1,818	(514,569)
Operation and Maintenance of Plant	1,551,479	-	27,741	(1,523,738)
Pupil Transportation	1,279,687	-	9,775	(1,269,912)
Central	113,323	-	-	(113,323)
Non-Instructional Services	631,131	99,876	511,732	(19,523)
Extracurricular Activities	464,433	161,782	18,456	(284,195)
Interest and Fiscal Charges	776,563	-	-	(776,563)
Total Governmental Activities	\$ 22,710,671	\$ 1,181,688	\$ 2,643,815	(18,885,168)
General Revenues				
Property Taxes Levied for:				
General Purposes				8,171,902
Debt Service				586,511
Permanent Improvement				962,350
Classroom Facilities				124,987
Payments in Lieu of Taxes				9,684
Grants & Entitlements not Restricted to Specific Programs				8,306,342
Investment Earnings				122,617
Miscellaneous				640,393
Total General Revenues				18,924,786
Change in Net Position				39,618
Net Position - Beginning of Year, Restated				15,750,259
Net Position - End of Year				\$ 15,789,877

See accompanying notes to the basic financial statements.

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

	General Fund	Bond Retirement Fund	Permanent Improvement Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Pooled Cash and Investments	\$ 18,313,143	\$ 2,702,329	\$ 760,756	\$ -	\$ 1,719,931	\$ 23,496,159
Cash with Fiscal Agent	-	-	638,638	-	-	638,638
Investments in a Segregated Account	-	-	-	30,014,865	-	30,014,865
Receivables:						
Property Taxes	8,436,753	884,874	966,642	-	109,521	10,397,790
Intergovernmental	3,221	-	-	-	649,288	652,509
Accounts	150,550	-	-	-	-	150,550
Interfund	1,280,087	-	-	-	-	1,280,087
Interest	34,177	-	-	2,607	-	36,784
Prepaid Items	227,079	-	-	-	-	227,079
Total Assets	<u>\$ 28,445,010</u>	<u>\$ 3,587,203</u>	<u>\$ 2,366,036</u>	<u>\$ 30,017,472</u>	<u>\$ 2,478,740</u>	<u>\$ 66,894,461</u>
Liabilities:						
Accounts Payable	\$ 146,858	\$ -	\$ 152,846	\$ 307,398	\$ 15,251	\$ 622,353
Accrued Wages and Benefits Payable	1,326,693	-	-	-	81,664	1,408,357
Intergovernmental Payable	226,482	-	-	-	10,098	236,580
Interfund Payable	-	-	-	527,087	753,000	1,280,087
Total Liabilities	<u>1,700,033</u>	<u>-</u>	<u>152,846</u>	<u>834,485</u>	<u>860,013</u>	<u>3,547,377</u>
Deferred Inflows of Resources:						
Property Taxes	7,055,038	769,319	800,110	-	88,110	8,712,577
Unavailable Revenue	222,076	19,708	21,529	2,607	646,881	912,801
Total Deferred Inflows of Resources	<u>7,277,114</u>	<u>789,027</u>	<u>821,639</u>	<u>2,607</u>	<u>734,991</u>	<u>9,625,378</u>
Fund Balances:						
Nonspendable:						
Prepaid Items	227,079	-	-	-	-	227,079
Restricted for:						
Debt Service	-	2,798,176	638,638	-	-	3,436,814
Permanent Improvement	-	-	752,913	-	-	752,913
Capital Outlay	-	-	-	29,180,380	-	29,180,380
Food Service	-	-	-	-	275,594	275,594
Special Trust	-	-	-	-	108	108
School Improvement	-	-	-	-	249	249
Classroom Facilities	-	-	-	-	255,821	255,821
Extracurricular Activities	-	-	-	-	152,803	152,803
State and Federal Grants	-	-	-	-	858,130	858,130
Committed for:						
Termination Benefits	417,563	-	-	-	-	417,563
Assigned for:						
Public School Support	58,376	-	-	-	-	58,376
Future Appropriations	1,883,799	-	-	-	-	1,883,799
Instruction	108,665	-	-	-	-	108,665
Support Services	81,367	-	-	-	-	81,367
Unassigned:	16,691,014	-	-	-	(658,969)	16,032,045
Total Fund Balances	<u>19,467,863</u>	<u>2,798,176</u>	<u>1,391,551</u>	<u>29,180,380</u>	<u>883,736</u>	<u>53,721,706</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 28,445,010</u>	<u>\$ 3,587,203</u>	<u>\$ 2,366,036</u>	<u>\$ 30,017,472</u>	<u>\$ 2,478,740</u>	<u>\$ 66,894,461</u>

See accompanying notes to the basic financial statements.

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

Total Governmental Fund Balances \$ 53,721,706

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 12,602,797

Other long-term assets are not available to pay for current period expenditures and therefore are reported as deferred inflows of resources in the funds.

Delinquent Property Tax Receivables	231,576
Intergovernmental Receivables	644,441
Interest Receivable	36,784

The net OPEB asset and net pension and net OPEB liabilities are not due and payable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows - Pension	3,471,815
Deferred Outflows - OPEB	572,860
Deferred Inflows - Pension	(202,816)
Deferred Inflows - OPEB	(2,075,050)
Net Pension Liability	(18,643,548)
Net OPEB Liability	(1,531,044)
Net OPEB Asset	1,024,674

Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds Payable	(30,365,000)
Unamortized Issuance Premiums	(2,403,675)
Deferred Amount on Refunding	(58,470)
Accrued Interest Payable	(78,973)
Capital Leases Payable	(241,713)
Compensated Absence Payable	(916,487)
	(34,064,318)

Net Position of Governmental Activities \$ 15,789,877

See accompanying notes to the basic financial statements.

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

	General Fund	Bond Retirement Fund	Permanent Improvement Fund	Building Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property Taxes	\$ 8,173,839	\$ 575,163	\$ 962,541	\$ -	\$ 125,597	\$ 9,837,140
Payments in Lieu of Taxes	9,684	-	-	-	-	9,684
Intergovernmental	8,190,016	46,524	69,802	-	2,129,525	10,435,867
Investment Earnings	99,251	-	-	24,088	-	123,339
Tuition and Fees	919,955	-	-	-	-	919,955
Extracurricular Activities	25,400	-	-	-	133,567	158,967
Contributions and Donations	29,367	-	-	-	18,429	47,796
Customer Sales and Services	16,574	-	-	-	83,203	99,777
Miscellaneous	639,965	-	-	-	2,914	642,879
Total Revenues	<u>18,104,051</u>	<u>621,687</u>	<u>1,032,343</u>	<u>24,088</u>	<u>2,493,235</u>	<u>22,275,404</u>
Expenditures:						
Instruction:						
Regular	7,454,062	-	141,547	-	786,292	8,381,901
Special	2,853,699	-	-	-	642,818	3,496,517
Vocational	28,129	-	-	-	-	28,129
Other	731,703	-	-	-	45,021	776,724
Support services:						
Pupils	363,759	-	-	-	-	363,759
Instructional Staff	1,598,605	-	130,922	809,255	34,851	2,573,633
Board of Education	63,315	-	-	29,901	-	93,216
Administration	1,391,891	-	-	-	-	1,391,891
Fiscal	473,250	4,260	14,368	4,552	806	497,236
Operation and Maintenance of Plant	1,794,018	-	237,327	-	12,300	2,043,645
Pupil Transportation	1,047,484	-	142,154	-	9,775	1,199,413
Central	104,316	-	-	-	-	104,316
Non-Instructional Services	2,708	-	32,634	-	608,371	643,713
Extracurricular Activities	311,982	-	-	-	178,001	489,983
Debt service:						
Principal Retirement	-	475,000	32,564	-	-	507,564
Interest and Fiscal Charges	-	103,030	64,332	45,604	-	212,966
Bond Issuance Costs	-	298,310	333,238	-	-	631,548
Total Expenditures	<u>18,218,921</u>	<u>880,600</u>	<u>1,129,086</u>	<u>889,312</u>	<u>2,318,235</u>	<u>23,436,154</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(114,870)</u>	<u>(258,913)</u>	<u>(96,743)</u>	<u>(865,224)</u>	<u>175,000</u>	<u>(1,160,750)</u>
Other Financing Sources/(Uses):						
Sale of Assets	503	-	-	-	-	503
Proceeds from Bonds	-	-	-	29,445,000	-	29,445,000
Premium on Bond Proceeds	-	817,213	1,022,740	600,604	-	2,440,557
Transfers In	-	-	-	-	45,000	45,000
Transfers Out	(45,000)	-	-	-	-	(45,000)
Total Other Financing Sources/(Uses)	<u>(44,497)</u>	<u>817,213</u>	<u>1,022,740</u>	<u>30,045,604</u>	<u>45,000</u>	<u>31,886,060</u>
Net Change in Fund Balances	(159,367)	558,300	925,997	29,180,380	220,000	30,725,310
Fund Balances - Beginning, Restated	19,627,230	2,239,876	465,554	-	663,736	22,996,396
Fund Balances - Ending	<u>\$ 19,467,863</u>	<u>\$ 2,798,176</u>	<u>\$ 1,391,551</u>	<u>\$ 29,180,380</u>	<u>\$ 883,736</u>	<u>\$ 53,721,706</u>

See accompanying notes to the basic financial statements.

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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 \$ 30,725,310

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Depreciation Expense	(1,116,169)
Capital Outlay	2,293,316

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	474,382
--	---------

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	1,485,413
---	-----------

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	(2,382,850)
--	-------------

Except for amounts reported as deferred inflows/outflows, changes in the net OPEB asset/liability are reported as OPEB expense in the statement of activities.	45,452
--	--------

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance premiums and discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Bond Principal Repayments	445,000
Bond Proceeds	(29,445,000)
Premium on Bonds	(2,403,139)
Amortization on Deferred Amount on Refunding	38,980
Net Amortization on Bond Premium	67,113
Capital Lease Principal Repayments	62,564

Some expenses reported in the statement of activities, such as compensated absences payable and other accounts payable, do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

Compensated Absences	(175,194)
Accrued Interest	(75,560)

Change in Net Position of Governmental Activities	<u>\$ 39,618</u>
--	-------------------------

See accompanying notes to the basic financial statements.

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY**

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

	Original Budget	Final Budget	Actual	Variance Over/(Under)
Revenues:				
Property Taxes	\$ 7,830,746	\$ 8,059,452	\$ 8,059,452	\$ -
Payments in Lieu of Taxes	9,409	9,684	9,684	-
Intergovernmental	7,954,475	8,186,795	8,186,795	-
Investment Earnings	288,520	296,947	296,947	-
Tuition and Fees	893,849	919,955	919,955	-
Extracurricular Activities	24,679	25,400	25,400	-
Miscellaneous	580,425	413,712	413,706	(6)
Total Revenues	<u>17,582,103</u>	<u>17,911,945</u>	<u>17,911,939</u>	<u>(6)</u>
Expenditures:				
Instruction:				
Regular	13,968,206	7,313,006	7,313,005	1
Special	5,507,473	2,841,396	2,841,395	1
Vocational	55,111	28,129	28,129	-
Other	1,497,858	764,514	764,514	-
Support services:				
Pupils	720,403	368,137	368,136	1
Instructional Staff	3,462,544	1,772,023	1,772,022	1
Board of Education	124,049	65,815	65,815	-
Administration	2,693,511	1,377,430	1,377,429	1
Fiscal	925,503	476,515	476,514	1
Operation and Maintenance of Plant	3,833,706	2,019,122	2,019,122	-
Pupil Transportation	2,044,538	1,088,206	1,088,205	1
Central	184,736	94,290	94,289	1
Extracurricular Activities	622,102	318,954	318,955	(1)
Total Expenditures	<u>35,639,740</u>	<u>18,527,537</u>	<u>18,527,530</u>	<u>7</u>
Excess of Revenues Over (Under) Expenditures	<u>(18,057,637)</u>	<u>(615,592)</u>	<u>(615,591)</u>	<u>1</u>
Other Financing Sources (Uses):				
Sale of Assets	-	503	503	-
Transfers Out	-	(896,504)	(896,504)	-
Advances In	-	335,000	335,000	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(561,001)</u>	<u>(561,001)</u>	<u>-</u>
Net Change in Fund Balance	(18,057,637)	(1,176,593)	(1,176,592)	1
Fund Balances at Beginning of Year	17,206,741	17,206,741	17,206,741	-
Prior Year Encumbrances Appropriated	850,898	850,898	850,898	-
Fund Balances at End of Year	<u>\$ 2</u>	<u>\$ 16,881,046</u>	<u>\$ 16,881,047</u>	<u>\$ 1</u>

See accompanying notes to the basic financial statements.

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Westfall Local School District (the School District) is a body politic and corporate organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District is a local school district as defined by Ohio Revised Code Section 3311.03. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by the state statute and/or federal guidelines.

The School District was established through the consolidation of existing land areas and school districts. It is staffed by 89 non-certificated employees, and 120 certified employees who provide services to 1,458 students.

Reporting Entity:

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

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

The School District is associated with one jointly governed organization, the Metropolitan Educational Technology Association (META). The School District is also associated with two insurance purchasing pools: Sheakley Uniservice Worker's Compensation Group Rating Plan (GRP) and the Pickaway County Public Employee Benefit Program. These organizations are presented in Notes 16 and 17 to the basic financial statements.

The following organizations which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these organizations nor are they fiscally dependent on the School District.

- Boosters Clubs
- Parent-Teacher Organizations

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. The School District has no business-type activities.

The statement of net position presents the financial condition of governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

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

B. Fund Accounting

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

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Governmental Funds

Governmental funds are those through which most governmental functions of the School District are financed. Governmental funds focus 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 total governmental fund assets and deferred outflows of resources and total governmental fund liabilities and deferred inflows of resources is reported as fund balance.

The following are the School District's major governmental funds:

General Fund

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

Bond Retirement Fund

This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. The primary source of revenue is tax revenue.

Permanent Improvement Fund

This fund is used to account for the acquisition, construction or improvement of capital facilities other than those financed by proprietary and trust funds. The primary source of revenue is tax revenue.

Building Fund

A fund used to account for the revenues and expenditures related to the Athletic Facilities Improvement Project. Expenditures recorded here represent the costs for constructing capital facilities.

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

Proprietary Funds

Proprietary funds focus on the determination of the change in net position, financial position and cash flows and consist of enterprise and internal service funds. The School District has no proprietary funds.

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 custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The school district has no fiduciary funds.

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

C. Measurement Focus

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

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

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 and the financial statements of the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of unavailable revenue, and in the presentation of expenses versus expenditures.

Revenues- Exchange and Non-Exchange Transactions

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, PILOTs, 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 5). 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 School District must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: property taxes available as an advance, investment earnings, tuition, grants, and interest.

Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pensions and other postemployment benefits (OPEB). The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position 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 School District, deferred inflows of resources include property taxes, unavailable revenue, deferred amount on refunding, pension, and OPEB. 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 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 School District, unavailable revenue includes delinquent property taxes, intergovernmental revenues, interest receivable and accounts receivable. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. A deferred amount on refunding results from the difference in the 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. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 11 and 12).

Expenses/Expenditures

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

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, except for (1) principal and interest on general long-term debt and capital lease obligations, which is recorded when due and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities as payments come due each period upon the occurrence of employee resignations and retirements.

Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Cash and Cash Equivalents and Investments

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

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

During the fiscal year 2021, the School District has invested in the State Treasury Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

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

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 \$99,251 which includes \$53,643 assigned from other governmental funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. At fiscal year-end, investments were limited to STAR Ohio, money market repurchase agreements, United States Treasury bill, federal agency securities, negotiable CD's and commercial paper.

F. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other government or imposed by enabling legislation. The School District did not have any restricted assets at fiscal year-end.

G. Prepaid Items

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

On the fund financial statements, reported prepayments are equally offset by nonspendable fund balance in the governmental funds, which indicates that it does not constitute available spendable resources, even though it is a component of net current assets.

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

H. Inventory

All inventories are valued at cost and donated commodities are presented at their entitlement value using the first in, first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. At fiscal year-end, the School District had no significant inventory balances on hand.

I. Capital Assets

All capital assets of the School District are general capital assets associated with 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 the date received. The School District maintains a capitalization threshold of one thousand five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

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

Description	Estimated Lives
Buildings	100 years
Improvements	5 - 20 years
Furniture, Fixtures and Equipment	5 - 20 years
Library Books and Textbooks	5 - 10 years
Vehicles	10 years

J. Interfund Balances

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

K. Compensated Absences

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

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at the fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified and certified employees and administrators who are over age 60 with five years of experience, over age 45 with ten years of experience, or any age with twenty five years of experience.

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

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

L. Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities and long-term liabilities are reported in the government-wide financial statements and proprietary fund statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims, judgments, and 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 in the current year. Long-term bonds and capital leases are recognized as a liability on the fund financial statements when due.

Net pension/OPEB liability should be recognized in the governmental funds to the extent that the benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payments of those benefits.

M. Unamortized Bond Premiums and Discounts/Accounting Gain or Loss

Bond premiums are presented as an addition to the face amount of the bonds. On government-wide statements, bond premiums are deferred and amortized using the straight-line method, which approximates the effective interest method. On the governmental fund financial statements, bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 9.

For bond refundings resulting in the defeasance of 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 outflow/inflow of resources.

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

O. Net Position

Net position represents the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Net position restricted for other purposes are primarily from federal and state grants reported in the Special Revenue Funds. The School District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

P. Fund Balance

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

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

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

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

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

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

Q. Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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 to the funds that initially paid for them are not presented on the financial statements. Interfund transactions within governmental activities have been eliminated on the statement of activities.

R. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

S. Budgetary Process

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

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis, as provided by law, and described above, is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non- GAAP Budgetary Basis), for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budgetary basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budgetary basis) rather than as an assignment of fund balance (GAAP basis).
4. Certain funds that are legally budgeted in separate special revenue funds are reported as part of the General Fund on the GAAP basis are not included on the budgetary basis, including the public school support fund, termination benefits fund and workers compensation and health insurance funds.

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

<u>Net Change in Fund Balance</u>	
GAAP Basis	(\$159,367)
<i>Adjustments:</i>	
Revenue Accruals	(146,096)
Expenditure Accruals	88,655
Other Financing Sources/Uses	(418,000)
Encumbrances	(336,841)
Prospective Difference	
Activity of Funds Reclassified for GAAP Reporting Purposes	(204,943)
Budget Basis	<u><u>(\$1,176,592)</u></u>

NOTE 4 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

2. Bonds, notes, debentures, or 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 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 division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain banker's acceptance 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 40 percent of the interim monies available for investment at any one time if training requirements have been met;

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public money deposited with the 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 School District, and must be purchased with the expectation that it will be held to maturity.

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

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Cash with a Fiscal Agent

At fiscal year end, the School District had \$638,638 on deposit with US Bank for future debt service payments.

Deposits

Custodial credit risk for deposits is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the carrying amount of the School District's deposits was \$4,394,115 and the bank balance was \$4,498,264. Of the School District's bank balance, \$500,000 was covered by the Federal Depository Insurance Corporation (FDIC) and the remaining balance was uninsured and collateralized.

Ohio law requires that deposits either be insured or be protected by:

1. Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
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 market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

At fiscal year-end, the School District reported the following investments at fair value:

Level	Investment Type	Standard and Poor's Rating	Value	Percent of Total	Investment Maturities		
					Within 1 Year	1 to 2 Years	3 to 5 Years
2	FNMA	AA+	\$ 547,107	1.29%	\$ -	\$ -	\$ 547,107
2	FHLB	AA+	1,989,226	4.70%	-	597,719	1,391,507
2	FHLM	AA+	895,382	2.11%	-	399,477	495,905
2	FFCB	AA+	1,146,704	2.71%	-	1,146,704	-
2	Negotiable CD's	N/A	6,630,351	15.65%	2,502,864	3,604,155	523,332
2	Commercial Paper	A-1	21,148,382	49.93%	21,148,382	-	-
2	US Treasury Bill	A-1+	9,974,346	23.55%	-	9,974,346	-
1	Money Market	N/A	24,527	0.06%	24,527	-	-
	Total		<u>\$42,356,025</u>	<u>100.00</u>	<u>\$23,675,773</u>	<u>\$ 15,722,401</u>	<u>\$ 2,957,851</u>

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Institutional bond quotes and evaluations based on various market and industry inputs are used in the valuation of the School District's level 2 investments.

In addition, at fiscal year-end, the School District's reported an investment in STAR Ohio totaling \$6,760,884. In accordance with GASB Statement No. 79, the School District's investment in STAR Ohio is reported at amortized cost. For the fiscal year ended June 30, 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. STAR Ohio the weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2021, is 54 days and carries a rating of AAAM by S&P Global Ratings.

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

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District's investment policy does not specifically address credit risk beyond requiring the School District to only invest in securities authorized by State statute.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policy allows investments in eligible securities as described in the Ohio Revised Code. The policy does not place limitations on the amounts the School District may invest in a single issuer.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District does not have a policy for custodial credit risk beyond the requirements of the Ohio Revised Code.

NOTE 5 – PROPERTY TAXES

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

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Public utility property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected in 2021 with real property taxes. Public utility real property is assessed at thirty five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

Tangible personal property tax revenue received during calendar year 2021 (other than public utility property tax) represents the collection of 2020 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2021 were levied after April 1, 2020, on the value as of December 31, 2020. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

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

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

	<u>2020 Second- Half Collections</u>		<u>2021 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 260,858,700	68.45%	\$ 254,228,480	68.27%
Public Utility Personal	120,218,020	31.55%	118,146,720	31.73%
Total Assessed Value	<u>\$ 381,076,720</u>	<u>100.00%</u>	<u>\$ 372,375,200</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 32.55		\$ 33.48	

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 6 – RECEIVABLES

Receivables at June 30, 2021 consisted of property taxes, interfund, accounts, interest, and intergovernmental grants. 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 intergovernmental receivables follows:

SERS Refund	\$	3,221
Early Childhood Education		29,163
ESSER II		435,384
CRF-Rural and Small Town SD		16,422
Food Service		4,847
IDEA-B Special Education		78,592
Title-A Improving Basic Programs		59,663
Title IV-A Student Support and Academic Enrichment		25,217
Total Intergovernmental Receivable	<u>\$</u>	<u>652,509</u>

Space is intentionally Left Blank

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 7 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2021, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 105,604	\$ -	\$ -	\$ 105,604
Construction in Progress	-	1,028,517	-	1,028,517
Total Capital Assets, Not Being Depreciated	<u>105,604</u>	<u>1,028,517</u>	<u>-</u>	<u>1,134,121</u>
Capital Assets Being Depreciated				
Land Improvements	4,323,785	-	-	4,323,785
Buildings and Improvements	18,128,073	596,372	-	18,724,445
Furniture, Fixtures and Equipment	2,060,394	526,273	-	2,586,667
Vehicles	2,208,000	142,154	(232,433)	2,117,721
Library Books and Text Books	1,057,829	-	-	1,057,829
Total Capital Assets, Being Depreciated	<u>27,778,081</u>	<u>1,264,799</u>	<u>(232,433)</u>	<u>28,810,447</u>
Less Accumulated Depreciation:				
Land Improvements	(2,369,008)	(186,035)	-	(2,555,043)
Buildings and Improvements	(10,706,030)	(525,298)	-	(11,231,328)
Furniture, Fixtures and Equipment	(1,202,317)	(191,652)	-	(1,393,969)
Vehicles	(1,274,587)	(185,596)	232,433	(1,227,750)
Library Books and Text Books	(906,093)	(27,588)	-	(933,681)
Total Accumulated Depreciation	<u>(16,458,035)</u>	<u>(1,116,169)</u>	<u>232,433</u>	<u>(17,341,771)</u>
Total Capital Assets Being Depreciated, Net	<u>11,320,046</u>	<u>148,630</u>	<u>-</u>	<u>11,468,676</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,425,650</u>	<u>\$ 1,177,147</u>	<u>\$ -</u>	<u>\$ 12,602,797</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	
Regular	\$ 599,536
Special	2,025
Other	14,190
Support Services:	
Instructional Staff	106,272
Operation and Maintenance	190,989
Pupil Transportation	186,395
Central	3,173
Operation of Non-Instructional Services	6,679
Extracurricular Activities	6,910
Total Depreciation Expense	<u>\$ 1,116,169</u>

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2021, the School District contracted with Neil Coleman Insurance for professional and general liability insurance, fleet insurance and property insurance. Insurance coverages provided are as follows:

Building and Contents replacement cost (\$1,000)	\$ 52,913,540
Automobile Liability (\$0 deductible)	1,000,000
General Liability:	
Per Occurrence (\$0 deductible)	1,000,000
Aggregate Limit	3,000,000
Educators Legal Liability (\$5,000 deductible)	1,000,000

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

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

Effective July 1, 2009, the School District began offering health care and prescription drug benefits to employees through the Pickaway County Public Employees Benefits Program, which is more fully described in Note 17. The health care coverage is administered by United Healthcare, a third-party administrator. The stop-loss coverage is \$150,000 per covered person and an aggregate of \$2,000,000.

During fiscal year 2012, the School District began offering dental benefits through the Pickaway County Public Employees Benefits Program as well.

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 9 – LONG-TERM OBLIGATIONS

During fiscal year 2021, the following changes occurred in governmental activities long-term obligations.

	Balance Outstanding 6/30/2020	Additions	Deductions	Balance Outstanding 6/30/2021	Due in One Year
<i>General Obligation Bonds:</i>					
2015 Refunding, 3.00%	\$ 1,365,000	\$ -	\$ (445,000)	\$ 920,000	\$ 455,000
2021 School Facilities Bonds, 2-4%	-	14,445,000	-	14,445,000	235,000
Total Long-Term Bonds	1,365,000	14,445,000	(445,000)	15,365,000	690,000
<i>Direct Borrowing and Placements:</i>					
2021 Certificates of Participation, 2.5-4%	-	15,000,000	-	15,000,000	1,125,000
Total Direct Borrowings and Placements	-	15,000,000	-	15,000,000	1,125,000
<i>Net Pension Liability</i>					
SERS	3,993,339	542,945	-	4,536,284	-
STRS	12,827,877	1,279,387	-	14,107,264	-
Total Net Pension Liability	16,821,216	1,822,332	-	18,643,548	-
<i>Net OPEB Liability</i>					
	1,711,973	-	(180,929)	1,531,044	-
Total Net OPEB Liability	1,711,973	-	(180,929)	1,531,044	-
Premium on 2015 Refunding Bonds	67,649	-	(27,060)	40,589	-
Premium on 2021 School Facilities Bonds	-	1,380,399	(23,007)	1,357,392	-
Premium on 2021 Certificates of Participation	-	1,022,740	(17,046)	1,005,694	-
Capital Leases	304,277	-	(62,564)	241,713	67,071
Compensated Absences	741,293	175,194	-	916,487	173,644
Total Long-Term Obligations	<u>\$ 21,011,408</u>	<u>\$ 33,845,665</u>	<u>\$ (755,606)</u>	<u>\$ 54,101,467</u>	<u>\$ 2,055,715</u>

The bonds are paid from the Bond Retirement Fund. The capital leases are being paid from the Bond Retirement Fund and Permanent Improvement Fund. Compensated absences are being paid from the fund from which the employee is paid, with the General Fund being the most significant. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefiting from the employee's service. For additional information related to the net pension liability and net OPEB liability see Notes 11 and 12.

2005 Refunding Bonds – In October 2005, the School District issued \$4,879,991 of voted general obligation bonds for the partial advance refunding of the 2000 series bonds. \$4,560,000 was issued as serial bonds with interest rates ranging from 3.0% to 4.10%. \$319,991 was issued as capital appreciation bonds with an interest rate of 25.52%. The bonds were issued for a seventeen year period, with final maturity December 1, 2022.

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

During fiscal year 2016, the outstanding balance of the bonds (\$3,110,000) were advance refunded with the issuance of the General Obligation Advance Refunding Bonds Series 2015. The refunded bonds had a call date of December 1, 2016.

2015 Refunding Bonds – In December 2015, the School District issued \$3,015,000 of voted general obligation bonds for the full advance refunding of the 2005 series bonds. \$3,015,000 was issued as serial bonds with an interest rate of 3.00%. The bonds were issued for a seven year period, with final maturity December 1, 2022. This refunding resulted in cash flow savings of \$240,103 and an economic gain of \$221,363. The refunding bonds are being retired from the Bond Retirement Fund.

2021 School Facilities Construction and Improvement Bonds - On March 9, 2021, the School District issued \$14,445,000 in general obligation bonds for the purpose of acquiring and constructing a new school facility, renovating and improving all school district facilities, furnishing and equipping the same, and improving the sites thereof and appurtenances thereto. The bond issue included serial and term bonds, in the amounts of \$3,295,000 and \$11,150,000, respectively. The term bonds were issued for a 29-year period with final maturity at December 1, 2050 and have interest rates ranging from 2.375 percent to 4.0 percent. The serial bonds were issued for a 10-year period with final maturity at December 1, 2031 and have interest rates ranging from 2.0 percent to 4.0 percent.

2021 Certificates of Participation - On April 21, 2021, the School District issued \$15,000,000 in certificates of participation for the purpose of constructing and renovating school facilities. The debt issue included serial and term certificates in the amounts of \$4,150,000 and \$10,850,000, respectively. The term certificates were issued for a 29-year period with final maturity at December 1, 2050 and have interest rates ranging from 2.5 percent to 3.0 percent. The serial certificates were issued for a 9-year period with final maturity at December 1, 2030 and have interest rates ranging from 3.0 percent to 4.0 percent.

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

Fiscal Year Ending June 30	General Obligation Bonds			Certificates of Participation		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 690,000	\$ 480,719	\$ 1,170,719	\$ 1,125,000	\$ 440,900	\$ 1,565,900
2023	515,000	464,069	979,069	290,000	419,675	709,675
2024	260,000	452,694	712,694	300,000	410,825	710,825
2025	265,000	444,819	709,819	310,000	400,125	710,125
2026	275,000	435,344	710,344	320,000	387,525	707,525
2027-2031	1,805,000	1,974,320	3,779,320	1,805,000	1,730,726	3,535,726
2032-2036	2,195,000	1,575,720	3,770,720	2,145,000	1,387,501	3,532,501
2037-2041	2,670,000	1,100,995	3,770,995	2,500,000	1,039,875	3,539,875
2042-2046	3,130,000	644,494	3,774,494	2,890,000	636,375	3,526,375
2047-2051	3,560,000	215,292	3,775,292	3,315,000	211,313	3,526,313
	<u>\$ 15,365,000</u>	<u>\$7,788,466</u>	<u>\$23,153,466</u>	<u>\$ 15,000,000</u>	<u>\$ 7,064,840</u>	<u>\$ 22,064,840</u>

The Ohio Revised Code provides that voted net obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The effects of these debt limitations at June 30, 2021, are a voted debt limit of \$33,513,768 and an unvoted debt limit of \$372,375.

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 – CAPITAL LEASES

The School District has entered into agreements to lease copiers and to replace a roof. These leases meet the criteria of capital leases as defined by governmental accounting standards, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the governmental funds. The capital leased assets have been capitalized in the amount of \$987,724 in governmental activities, which represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation on the capital assets acquired under the leases at June 30, 2021 was \$481,023. Principal payments in 2021 were \$62,564 in the governmental funds.

The School District’s future minimum lease payments and present value of net minimum lease payments required under these capital lease obligations as of June 30, 2021 are as follows:

Fiscal Year Ended June 30,	Capital Lease Payments
2022	\$ 84,279
2023	76,129
2024	38,221
2025	38,580
2026	37,868
Total Future Minimum Lease Payments	275,077
Less: Amount Representing Interest	(33,364)
Present Value of Net Minimum Lease Payments	\$ 241,713

NOTE 11 - 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) represents the School District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

The 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 *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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%.

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

The School District's contractually required contribution to SERS was \$360,339 for fiscal year 2021. Of this amount, \$24,292 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

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

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

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

The School District's contractually required contribution to STRS was \$1,077,498 for fiscal year 2021. Of this amount, \$146,974 is reported as an intergovernmental payable.

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Pension Liabilities, Pension Expense, and Deferred Outflows/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 independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.06858390%	0.05830305%	
Prior Measurement Date	<u>0.06674280%</u>	<u>0.05800690%</u>	
Change in Proportionate Share	<u><u>0.00184110%</u></u>	<u><u>0.00029615%</u></u>	
Proportionate Share of the Net			
Pension Liability	\$ 4,536,284	\$ 14,107,264	\$ 18,643,548
Pension Expense	\$ 550,095	\$ 1,832,755	\$ 2,382,850

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School District's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

At June 30, 2021 the School 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	\$ 8,811	\$ 31,654	\$ 40,465
Net Difference between Projected and Actual Earnings on Pension Plan Investments	287,961	686,039	974,000
Changes of Assumptions	-	757,286	757,286
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	67,554	194,673	262,227
School District Contributions Subsequent to the Measurement Date	<u>360,339</u>	<u>1,077,498</u>	<u>1,437,837</u>
Total Deferred Outflows of Resources	<u><u>\$ 724,665</u></u>	<u><u>\$ 2,747,150</u></u>	<u><u>\$ 3,471,815</u></u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ -	\$ 90,208	\$ 90,208
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	19,932	92,676	112,608
Total Deferred Inflows of Resources	<u><u>\$ 19,932</u></u>	<u><u>\$ 182,884</u></u>	<u><u>\$ 202,816</u></u>

\$1,437,837 reported as deferred outflows of resources related to pension resulting from the School 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	\$ 22,248	\$ 489,648	\$ 511,896
2023	111,961	291,272	403,233
2024	120,030	382,952	502,982
2025	<u>90,155</u>	<u>322,896</u>	<u>413,051</u>
	<u><u>\$ 344,394</u></u>	<u><u>\$ 1,486,768</u></u>	<u><u>\$ 1,831,162</u></u>

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net Pension Liability	\$ 6,214,155	\$ 4,536,284	\$ 3,128,518

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 20,086,287	\$ 14,107,264	\$ 9,040,539

Social Security System

Effective July 1, 1991, all employees not otherwise covered by School Employees Retirement System or State Teachers Retirement System have an option to choose Social Security. The School District's liability is 6.2 percent of wages paid.

NOTE 12 - DEFINED BENEFIT OPEB PLANS

See Note 11 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$47,576, which is reported as an intergovernmental 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 were discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

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

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.07044700%	0.05830300%	
Prior Measurement Date	<u>0.06807600%</u>	<u>0.05800700%</u>	
Change in Proportionate Share	<u>0.00237100%</u>	<u>0.00029600%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 1,531,044	\$ (1,024,674)	
OPEB Expense	\$ 16,466	\$ (61,918)	\$ (45,452)

At June 30, 2021, the School 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	\$ 20,108	\$ 65,655	\$ 85,763
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	17,251	35,910	53,161
Changes of Assumptions	260,990	16,914	277,904
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	60,428	48,028	108,456
School District Contributions Subsequent to the Measurement Date	<u>47,576</u>	<u>-</u>	<u>47,576</u>
Total Deferred Outflows of Resources	<u>\$ 406,353</u>	<u>\$ 166,507</u>	<u>\$ 572,860</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 778,643	\$ 204,099	\$ 982,742
Changes of Assumptions	38,563	973,269	1,011,832
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	<u>26,340</u>	<u>54,136</u>	<u>80,476</u>
Total Deferred Inflows of Resources	<u>\$ 843,546</u>	<u>\$ 1,231,504</u>	<u>\$ 2,075,050</u>

\$47,576 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability 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:

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ (97,881)	\$ (265,594)	\$ (363,475)
2023	(96,632)	(241,286)	(337,918)
2024	(96,835)	(232,763)	(329,598)
2025	(97,465)	(221,817)	(319,282)
2026	(72,497)	(54,089)	(126,586)
Thereafter	(23,459)	(49,448)	(72,907)
	\$ (484,769)	\$ (1,064,997)	\$ (1,549,766)

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.

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

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

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

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

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2034. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e., municipal bond rate).

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	School District's Proportionate Share of the Net OPEB Liability	\$ 1,873,960	\$ 1,531,044

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
	School District's Proportionate Share of the Net OPEB Liability	\$ 1,205,581	\$ 1,531,044

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Actuarial Assumptions – STRS

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

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

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

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

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

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

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

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (891,533)	\$ (1,024,674)	\$ (1,137,640)

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (1,130,628)	\$ (1,024,674)	\$ (895,608)

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

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 – EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vested vacation and sick leave components 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 work less than 260 days per year do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days for aides and all other classified employees, and for certified employees. Upon retirement, payment is made for 28% of accrued, but unused sick leave credit up to a maximum of 220 days for all employees.

Health, Prescription Drug and Dental Insurance

The School District provides health care, prescription drug and dental benefits through the Pickaway County Public Employees Benefits Program.

NOTE 14 – INTERFUND ACTIVITY

Interfund balances at fiscal year-end, as reported on the fund financial statements, consist of the following individual interfund receivables and payables:

Fund	Receivable	Payable
General Fund	\$ 1,280,087	\$ -
Building Fund		527,087
Other Governmental Funds		
Preschool Grant	-	19,000
Title VI-B	-	151,000
ESSER	-	404,000
Coronavirus Relief	-	122,000
Title I	-	23,000
Other Federal Grants	-	34,000
Totals	<u>\$ 1,280,087</u>	<u>\$ 1,280,087</u>

Interfund advances are made to provide funds for construction projects and federal grants until funding is received and are reported as Interfund Receivables/Payables. In general, interfund advances are made at the end of the fiscal year and then returned the next fiscal year when funding is received.

Interfund transfers of \$45,000 were made from the general fund to the district managed student activity fund (a nonmajor governmental fund) to support the operations of that fund. The transfers made during fiscal year 2021 were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16.

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15 – STATUTORY SET-ASIDES

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

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

	Capital Acquisition
Set-Aside Reserve Balance as of June 30, 2020	\$ -
Current Year Set-Aside Requirement	253,246
Current Year Offsets	(253,246)
Current Year Qualifying Disbursements	-
Totals	-
Set-Aside Reserve Balance as of June 30, 2021	\$ -

Since current year offsets may not be carried over to the next fiscal year, current year offsets presented in the table were limited to those necessary to reduce the fiscal year-end balance to zero.

NOTE 16 – JOINTLY GOVERNED ORGANIZATION

Metropolitan Educational Technology Association

The School District participates in the Metropolitan Educational Technology Association (META). META is composed of over 200 members which includes school districts, joint vocational schools, educational service centers, and libraries covering 37 counties in Central Ohio. The META helps its members purchase services, insurances, supplies, and other items at a discounted rate. The governing board of META is composed of either the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County and one representative from each county outside of Franklin County. Each year, the participating school districts pay a membership fee to META to cover the costs of administering the program. Payments to META during the fiscal year totaled to \$60,301. Financial information may be obtained from the Metropolitan Educational Technology Association, 2100 Citygate Dr., Columbus, OH 43219.

NOTE 17 – INSURANCE PURCHASING POOLS

Sheakley Uniservice Worker’s Compensation Group Rating Plan - The School District participates in a Worker’s Compensation Group Rating Plan (GRP), an insurance purchasing pool, with Sheakley Uniservice. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Pickaway County Public Employee Benefit Program - The School District is a member of the Pickaway County Public Employer Benefit Program (the “Program”), a public entity shared risk pool consisting of four school districts within Pickaway County and its surrounding area. The Board of Directors exercise control over the operation of the Program. Each member School District is represented on the Board of Directors by their superintendent or superintendent designee. To obtain financial information, write to Treasurer, Teays Valley Local School District, 385 Viking Way, Ashville, Ohio 43103.

NOTE 18 – CONTINGENCIES

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

Litigation – The School District is not party to legal proceedings that, in the opinion of management, would have a material impact on the financial statements.

NOTE 19 – DEFICIT FUND BALANCE

The following funds had a deficit fund balance at June 30, 2021:

<u>Fund</u>	<u>Deficit Balance</u>
Title VI-B	\$78,592
Preschool Grant	29,326
ESSER	455,384
Coronavirus Relief	16,423
Title I	54,027
Other Federal Grants	25,217

These deficit fund balances are the result of the recognition of payables in accordance with accounting principles generally accepted in the United States of America. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 20 – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION/FUND BALANCES

Implementation of New Accounting Principles

For the fiscal year ended June 30, 2021, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, GASB Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*, certain provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates* and GASB Statement No. 98, *The Annual Comprehensive Financial Report*.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District reviewed its funds for proper classification, and any fund reclassifications resulted in the restatement of the School District's financial statements (see below).

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

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

GASB Statement No. 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of GASB Statement No. 98 did not have an effect on the financial statements of the School District.

Restatement of Net Position/Fund Balances

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

	Other Governmental Funds
Fund Balance (Deficit), June 30, 2020	\$ 610,374
GASB Statement No. 84	53,362
Restated Fund Balance (Deficit), June 30, 2020	\$ 663,736

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

	Governmental Activities
Net Position, June 30, 2020	\$ 15,696,897
GASB Statement No. 84	53,362
Restated Net Position, June 30, 2020	\$ 15,750,259

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

	Fiduciary Funds Agency
Net Position, June 30, 2020	\$ -
Adjustments:	
Assets	(53,362)
Liabilities	53,362
Restated Net Position, June 30, 2020	\$ -

NOTE 21 – OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General	\$ 336,891
Permanent Improvement	181,315
Building	1,439,468
Other Governmental	17,115
Total	\$ 1,974,789

NOTE 22 – COVID-19

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

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The financial impact of COVID-19 and the ensuing emergency measures may impact subsequent periods of the School District. The School District’s investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates may fluctuate in value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined.

NOTE 23 – SUBSEQUENT EVENT

For fiscal year 2022, the school district foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM scholarship and open enrollment 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 School District were funded to the School District who, in turn, made the payment to the respective school. For fiscal year 2021, the School District reported \$617,909 in revenues and expenditures/expenses related to these programs. Also, during fiscal year 2021, the School District reported \$629,957 in tuition and fees from resident districts which will be directly funded to the School District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique “per-pupil local capacity amount” for each school district. The School District’s state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

NOTE 24 – SHORT-TERM DEBT

The schedule below details the changes in short-term capital borrowings during the year ended June 30, 2021.

	Fund	Beginning Balance	New Issues	Payments Principal	Ending Balance
Series 2020 Ban (matures 4/15/21)	002	-	9,950,000.00	(9,950,000.00)	-
Bond Anticipation Notes Payable		-	9,950,000.00	(9,950,000.00)	-

The purpose of all of the short-time borrowings was to provide resources for various capital construction or improvement projects. The form of financing used in all cases was bond anticipation notes. The amounts issued are accounted for in the Building Fund.

REQUIRED SUPPLEMENTARY INFORMATION

**WESTFALL LOCAL SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**

LAST EIGHT FISCAL YEARS (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability	0.0685839%	0.0667428%	0.0685447%	0.0673240%	0.0665478%	0.0677706%	0.0643350%	0.0643350%
District's Proportionate Share of the Net Pension Liability	\$ 4,536,284	\$ 3,993,339	\$ 3,925,682	\$ 4,022,460	\$ 4,870,685	\$ 3,867,056	\$ 3,255,958	\$ 3,825,796
District's Covered Payroll	\$ 2,418,814	\$ 2,275,267	\$ 2,251,967	\$ 2,229,026	\$ 2,064,936	\$ 2,054,896	\$ 1,877,904	\$ 1,904,436
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	187.54%	175.51%	174.32%	180.46%	235.88%	188.19%	173.38%	200.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

**WESTFALL LOCAL SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM OF OHIO**

LAST EIGHT FISCAL YEARS (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's Proportion of the Net Pension Liability	0.05830305%	0.05800690%	0.05842051%	0.05641625%	0.05715879%	0.05619370%	0.05712397%	0.05712397%
District's Proportionate Share of the Net Pension Liability	\$ 14,107,264	\$ 12,827,877	\$ 12,845,358	\$ 13,401,801	\$ 19,132,770	\$ 15,530,295	\$ 13,894,526	\$ 16,551,069
District's Covered Payroll	\$ 7,080,193	\$ 6,840,536	\$ 6,695,150	\$ 6,551,233	\$ 6,312,936	\$ 6,203,811	\$ 6,214,473	\$ 6,088,457
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	199.25%	187.53%	191.86%	204.57%	303.07%	250.33%	223.58%	271.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.48%	77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

**WESTFALL LOCAL SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$ 360,339	\$ 338,634	\$ 307,161	\$ 304,016	\$ 312,064	\$ 289,091	\$ 270,835	\$ 260,277	\$ 263,574	\$ 244,181
Contributions in Relation to the Contractually Required Contribution	<u>\$ 360,339</u>	<u>\$ 338,634</u>	<u>\$ 307,161</u>	<u>\$ 304,016</u>	<u>\$ 312,064</u>	<u>\$ 289,091</u>	<u>\$ 270,835</u>	<u>\$ 260,277</u>	<u>\$ 263,574</u>	<u>\$ 244,181</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 2,573,850	\$ 2,418,814	\$ 2,275,267	\$ 2,251,967	\$ 2,229,026	\$ 2,064,936	\$ 2,054,896	\$ 1,877,904	\$ 1,904,436	\$ 1,815,472
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

See accompanying notes to the required supplementary information.

**WESTFALL LOCAL SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO**

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$ 1,077,498	\$ 991,227	\$ 957,675	\$ 937,321	\$ 917,172	\$ 883,811	\$ 868,534	\$ 807,882	\$ 791,499	\$ 805,287
Contributions in Relation to the Contractually Required Contribution	<u>\$ 1,077,498</u>	<u>\$ 991,227</u>	<u>\$ 957,675</u>	<u>\$ 937,321</u>	<u>\$ 917,172</u>	<u>\$ 883,811</u>	<u>\$ 868,534</u>	<u>\$ 807,882</u>	<u>\$ 791,499</u>	<u>\$ 805,287</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 7,696,414	\$ 7,080,193	\$ 6,840,536	\$ 6,695,150	\$ 6,551,233	\$ 6,312,936	\$ 6,203,811	\$ 6,214,473	\$ 6,088,457	\$ 6,194,515
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

**WESTFALL LOCAL SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**

LAST FIVE FISCAL YEARS (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's Proportion of the Net OPEB Liability	0.0704470%	0.0680760%	0.0692068%	0.0683634%	0.0677257%
School District's Proportionate Share of the Net OPEB Liability	\$ 1,531,044	\$ 1,711,973	\$ 1,919,984	\$ 1,834,694	\$ 1,930,433
School District's Covered Payroll	\$ 2,418,814	\$ 2,275,267	\$ 2,251,967	\$ 2,229,026	\$ 2,064,936
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	63.30%	75.24%	85.26%	82.31%	93.49%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

**WESTFALL LOCAL SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)
STATE TEACHERS RETIREMENT SYSTEM OF OHIO**

LAST FIVE FISCAL YEARS (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's Proportion of the Net OPEB Liability/(Asset)	0.05830300%	0.05800700%	0.05842051%	0.05641625%	0.05715879%
School District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (1,024,674)	\$ (960,735)	\$ (938,758)	\$ 2,201,154	\$ 3,056,867
School District's Covered Payroll	\$ 7,080,193	\$ 6,840,536	\$ 6,695,150	\$ 6,551,233	\$ 6,312,936
School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-14.47%	-14.04%	-14.02%	33.60%	48.42%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.10%	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

**WESTFALL LOCAL SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO**

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution (1)	\$ 47,576	\$ 41,840	\$ 51,418	\$ 47,175	\$ 37,468	\$ 34,390	\$ 51,947	\$ 14,272	\$ 14,093	\$ 14,490
Contributions in Relation to the Contractually Required Contribution	<u>\$ 47,576</u>	<u>\$ 41,840</u>	<u>\$ 51,418</u>	<u>\$ 47,175</u>	<u>\$ 37,468</u>	<u>\$ 34,390</u>	<u>\$ 51,947</u>	<u>\$ 14,272</u>	<u>\$ 14,093</u>	<u>\$ 14,490</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 2,573,850	\$ 2,418,814	\$ 2,275,267	\$ 2,251,967	\$ 2,229,026	\$ 2,064,936	\$ 2,054,896	\$ 1,877,904	\$ 1,904,436	\$ 1,815,472
Contributions as a Percentage of Covered Payroll (1)	1.85%	1.73%	2.26%	2.09%	1.68%	1.67%	2.53%	0.76%	0.74%	0.80%

(1) Includes Surcharge

See accompanying notes to the required supplementary information.

**WESTFALL LOCAL SCHOOL DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO**

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,542	\$ 34,807	\$ 34,895
Contributions in Relation to the Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,542	\$ 34,807	\$ 34,895
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 7,696,414	\$ 7,080,193	\$ 6,840,536	\$ 6,695,150	\$ 6,551,233	\$ 6,312,936	\$ 6,203,811	\$ 6,214,473	\$ 6,088,457	\$ 6,194,515
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.56%	0.57%	0.56%

See accompanying notes to the required supplementary information.

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 – NET PENSION LIABILITY

Changes in Assumptions - SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3.0 percent was used.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- 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.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.
- Discount rate was reduced from 7.75 percent to 7.50 percent.

Changes in Assumptions – STRS

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - SERS

With the authority granted to the Board under SB 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Changes in Benefit Terms - STRS

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 – NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Municipal Bond Index Rate:

Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare

Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare

Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

Changes in Assumptions – STRS

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY
NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Benefit Terms – STRS

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

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

SUPPLEMENTARY INFORMATION

WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER/ ADDITIONAL AWARD IDENTIFICATION	TOTAL EXPENDITURES OF FEDERAL AWARDS
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	2021	\$ 167,835
COVID-19 - School Breakfast Program	10.553	COVID-19, 2021	19,017
Total School Breakfast Program			<u>186,852</u>
National School Lunch Program	10.555	2021	298,010
COVID-19 - National School Lunch Program	10.555	COVID-19, 2021	16,532
National School Lunch Program - Food Donation	10.555	2021	32,885
Total National School Lunch Program			<u>347,427</u>
Total U.S. Department of Agriculture and Child Nutrition Cluster			<u>534,279</u>
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through the Ohio Department of Education</i>			
COVID-19 - Coronavirus Relief Fund - BroadbandOhio Connectivity	21.019	COVID-19, 2021	34,850
COVID-19 - Coronavirus Relief Fund - Rural and Small Town School District	21.019	COVID-19, 2021	101,923
Total U.S. Department of Treasury and Coronavirus Relief Fund			<u>136,773</u>
THE INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
<i>Passed Through the State Library of Ohio</i>			
COVID-19 - Library Services and Technology Act (LSTA)	45.310	COVID-19, CARES-VIII-183-21	3,000
Total The Institute of Museum and Library Services			<u>3,000</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through the Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	2020	75,489
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2021	213,696
Total Title I Grants to Local Educational Agencies			<u>289,185</u>
Special Education Cluster (IDEA):			
Special Education-Grants to States (IDEA, Part B)	84.027A	84.027A, 2021	301,784
Special Education-Preschool Grants (IDEA Preschool)	84.173A	84.173A, 2021	5,718
Total Special Education Cluster (IDEA)			<u>307,502</u>
Supporting Effective Instruction State Grants	84.367	2020	1,043
Supporting Effective Instruction State Grants	84.367A	84.367A, 2021	51,080
Total Supporting Effective Instruction State Grants			<u>52,123</u>
Student Support and Academic Enrichment Program	84.424A	84.424A, 2021	13,595
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER I) Fund	84.425D	COVID-19, 84.425D, 2021	248,305
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	COVID-19, 84.425D, 2022	425,840
Total Education Stabilization Fund (ESF)			<u>674,145</u>
Total U.S. Department of Education			<u>1,336,550</u>
Total Expenditures of Federal Awards			<u>\$ 2,010,602</u>

The accompanying notes are an integral part of this schedule.

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Westfall Local School District under programs of the federal government for the fiscal year ended June 30, 2021 and is prepared in accordance with the cash basis of accounting. 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 Westfall Local School District, it is not intended to and does not present the financial position, or changes in net position of the Westfall Local School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited to as to reimbursement.

NOTE 2 - DE MINIMIS COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. Westfall Local School District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - CHILD NUTRITION CLUSTER

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

NOTE 4 - FOOD DONATION PROGRAM

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

**Independent Auditor's 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***

Westfall Local School District
Pickaway County
19463 Pherson Pike
Williamsport, Ohio 43164

To the Board of Education:

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Westfall Local School District, Pickaway County, Ohio, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Westfall Local School District's basic financial statements, and have issued our report thereon dated December 22, 2021, wherein we noted as described Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods. Furthermore, as described in Note 20 to the financial statements, the Westfall Local School District adopted GASBS No. 84, *Fiduciary Activities*.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Westfall Local School District's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be 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 Westfall Local School 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 financial statements. 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*.

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 Westfall Local School 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 Westfall Local School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.

December 22, 2021

**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Westfall Local School District
Pickaway County
19463 Pherson Pike
Williamsport, Ohio 43164

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Westfall Local School District's compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Westfall Local School District's major federal programs for the fiscal year ended June 30, 2021. The Westfall Local School District's major federal programs are 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 each of the Westfall Local School District's major federal programs 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 Westfall Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the Westfall Local School 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 Westfall Local School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 Westfall Local School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, 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 a 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.



Julian & Grube, Inc.
December 22, 2021

**WESTFALL LOCAL SCHOOL DISTRICT
PICKAWAY COUNTY, OHIO**

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

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	COVID-19 – Education Stabilization Fund, ALN 84.425
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

WESTFALL LOCAL SCHOOLS



Jeff Sheets, Superintendent
 Brian L. Ramsay, Treasurer
 19463 Pherson Pike
 Williamsport, Ohio 43164
 740-986-3671 (phone)
 740-986-8375 (fax)

Board of Education:
 Sean Ruth, President
 Zachary Ruoff, Vice President
 Judith Cook
 Christy Rigsby
 Mark Ruff

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

Finding Number	Year Initially Occurred	Finding Summary	Status	Additional Information
2020-001	2020	<u>Significant Deficiency - Financial Statement Presentation</u> – Accurate financial reporting is required in order to provide management and the Board of Education with objective and timely information to enable well-informed decisions. Adjustments related to accounts payable were recorded to properly state the financial statements.	Corrective Action Taken and Finding is Fully Corrected	N/A

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



WESTFALL LOCAL SCHOOL DISTRICT

PICKAWAY 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 2/8/2022

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