OHIO AUDITOR OF STATE
KEITH FABER

FAIRFIELD LOCAL SCHOOL DISTRICT
HIGHLAND COUNTY
JUNE 30, 2022

TABLE OF CONTENTS

FAIRFIELD LOCAL SCHOOL DISTRICT
HIGHLAND COUNTY
JUNE 30, 2022

TABLE OF CONTENTS
(Continued)

OHIO AUDITOR OF STATE
KEITH FABER

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

INDEPENDENT AUDITOR'S REPORT

Fairfield Local School District
Highland County
11611 State Route 771
Leesburg, Ohio 45135

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairfield Local School District, Highland County, Ohio (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Fairfield Local School District, Highland County, Ohio as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information 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. The 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 March 22, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 Districts internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio
March 22, 2023

This page intentionally left blank.

As management of the Fairfield Local School District, we offer readers of the Fairfield Local School District's basic financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here to enhance their understanding of the School District's financial performance.

Financial Highlights

In total, governmental net position increased $1,981,509.

Expenses decreased during fiscal year 2022 when compared to the prior fiscal year mainly due to State-wide pension system changes in assumptions and benefit terms.

Tuition and fees decreased from the prior year but this was offset with increase in grants and entitlements.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School District as a financial whole, an entire operating entity.

The Statement of Net Position and the 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. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's major funds with all other nonmajor funds presented in total in one column. The major funds of the School District are the General Fund, the Debt Service Fund, and the Capital Projects Fund.

Reporting the Fairfield Local School District as a Whole

The Statement of Net Position and the Statement of Activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that demonstrates how the School District did financially during fiscal year 2022. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources 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 fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report net position and changes in net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. Some factors may be financial while others such as mandated educational programs are non-financial factors.

Reporting the Fairfield Local School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 11. Fund financial reports 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 major funds, which are the General Fund, the Debt Service Fund, and the Capital Projects Fund.

Governmental Funds - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds – The School District maintains proprietary funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District's internal service funds account for health self-insurance. The proprietary funds use the accrual basis of accounting.

Fiduciary Funds – The School District's only fiduciary fund is a custodial fund. All of the School District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2022 compared to fiscal year 2021.

Table 1
Net Position
Governmental Activities

	2022	2021	Change
Assets			
Current and Other Assets	$14,412,195	$13,338,553	$1,073,642
Net OPEB Asset	738,589	608,530	130,059
Capital Assets	15,367,270	15,928,691	(561,421)
Total Assets	30,518,054	29,875,774	642,280
Deferred Outflows of Resources			
Pension	2,620,145	2,136,569	483,576
OPEB	387,366	364,887	22,479
Total Deferred Outflows of Resources	3,007,511	2,501,456	506,055
Liabilities			
Current and Other Liabilities	934,902	1,207,808	(272,906)
Long-term Liabilities:			
Due Within One Year	261,065	498,791	(237,726)
Due in More Than One year:			
Net Pension Liability	6,107,942	11,069,482	(4,961,540)
Net OPEB Liability	862,017	919,138	(57,121)
Other Amounts	4,258,287	4,548,335	(290,048)
Total Liabilities	12,424,213	18,243,554	(5,819,341)
Deferred Inflows of Resources			
Deferred Gain on Refunding	102,490	114,499	(12,009)
Property Taxes	2,334,575	2,200,516	134,059
Pension	4,774,361	67,203	4,707,158
OPEB	1,346,767	1,189,808	156,959
Total Deferred Inflows of Resources	8,558,193	3,572,026	4,986,167
Net Position			
Net Investment in Capital Assets	11,122,384	11,219,123	(96,739)
Restricted	2,147,145	1,979,248	167,897
Unrestricted (Deficit)	(726,370)	(2,636,721)	1,910,351
Total Net Position	$12,543,159	$10,561,650	$1,981,509

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2022, and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The School District has also adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service

2. Minus plan assets available to pay these benefits

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

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

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

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

Overall, an increase of $642,280 occurred within total assets when compared to the prior fiscal year. Current and other assets increased $1,073,642 mainly as a result of an increase in cash and cash equivalents. This increase is due to total revenues exceeding expenditures during the fiscal year. Capital Assets, Net decreased $561,421, due primarily to depreciation and deletions exceeding additions during the fiscal year.

Total Liabilities decreased $5,819,341 for fiscal year 2022, mostly due to an decrease in net pension liability due to changes in assumptions and changes in benefit terms by the Statewide pension systems.

Unrestricted Net Position for governmental activities increased $1,910,351 mainly due to changes in assumptions and benefits associated with the Statewide pension systems.

Table 2 shows the highlights of the School District's revenues and expenses. These two main components are subtracted to yield the change in net position. This table uses the full accrual method of accounting.

Revenue is further divided into two major components: Program Revenues and General Revenues. Program Revenues are defined as charges for services and sales and operating grants, contributions, and interest. General Revenues include property taxes, unrestricted grants, such as State foundation support, investment earnings and miscellaneous revenues.

Expenses are shown in programs that are easily identifiable utilizing the current Uniform School Accounting System (USAS) coding structure.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2022 and 2021.

Table 2
Changes in Net Position
Governmental Activities

	2022	2021	Change
Revenues			
Program Revenues:			
Charges for Services	$470,528	$1,297,747	($827,219)
Operating Grants, Contributions and Interest	2,695,414	2,252,993	442,421
Total Program Revenues	3,165,942	3,550,740	(384,798)
General Revenues:			
Property Taxes	2,407,449	2,296,659	110,790
Grants and Entitlements	8,643,058	7,863,770	779,288
Investment Earnings	11,232	59,889	(48,657)
Miscellaneous	84,311	250,398	(166,087)
Total General Revenues	11,146,050	10,470,716	675,334
Total Revenues	14,311,992	14,021,456	290,536
Program Expenses			
Instruction:			
Regular	4,439,716	6,266,087	(1,826,371)
Special	1,766,404	1,820,970	(54,566)
Vocational	197,282	242,752	(45,470)
Support Services:			
Pupils	843,010	721,057	121,953
Instructional Staff	467,293	429,117	38,176
Board of Education	85,793	35,768	50,025
Administration	1,029,303	1,140,315	(111,012)
Fiscal	353,282	416,809	(63,527)
Operation and Maintenance of Plant	1,153,889	1,221,882	(67,993)
Pupil Transportation	700,185	752,886	(52,701)
Central	349,046	172,153	176,893
Operation of Non-Instructional Services:	447,263	493,383	(46,120)
Extracurricular Activities	403,002	292,082	110,920
Interest and Fiscal Charges	95,015	110,367	(15,352)
Total Expenses	12,330,483	14,115,628	(1,785,145)
Change in Net Position	1,981,509	(94,172)	2,075,681
Net Position Beginning of Year	10,561,650	10,655,822	(94,172)
Net Position End of Year	$12,543,159	$10,561,650	$1,981,509

Overall, revenues increased $290,536. Grants and entitlements increased due to an increase in State foundation revenue. This increase was offset with decrease in Charges for Services mainly due to reduction in tuition and fees.

Expenses for the School District decreased $1,785,145 mainly the result the State-wide pension systems' changes in assumptions and benefit terms.

The School District's Funds

Information about the School District's major funds starts on page 15. The School District's funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of $14,420,473 and expenditures of $13,137,275.

The fund balance in the General Fund increased $1,233,601 due to total revenues exceeding expenditures during the fiscal year.

The fund balance in the Debt Service Fund decreased $19,453, which is insignificant.

The fund balance in the Capital Projects Fund decreased $156,974 mainly due to expenditures outpacing revenues during the fiscal year.

Overall, governmental fund revenues exceeded expenditures by $1,283,198 during the fiscal year due to the School District monitoring spending.

General Fund - Budget 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 School District's most significant budgeted fund is the General Fund. The General Fund is budgeted at the fund level. The final budget amounts for both revenue and expenditures matched the actual revenues and expenditures. Original budgeted expenditures were $962,858 more than final budgeted expenditures. This was primarily due to a decrease in regular instruction. Original budgeted revenues were $122,887 less than final budgeted revenues, which is mainly due to an increase in property taxes revenue.

Capital Assets

At the end of fiscal year 2022, the School District had $15,367,270 in capital assets (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment, intangible right to use – Furniture, Fixtures, and Equipment, vehicles and textbooks. Net capital assets decreased $561,421 from the prior fiscal year. This was due to additions for the current fiscal year being less than depreciation expense. For further information regarding the School District's capital assets, refer to Note 9 to the basic financial statements.

Debt

At June 30, 2022, the School District had outstanding general obligation bonds in the amount of $3,745,000, for the purpose of paying for new construction, improvements and renovations to school facilities. In addition, the School District's long term obligations include finance purchase and lease in the amount of $141,580 and $34,422, respectively, and compensated absences of $376,956.

The School District's overall legal debt margin was $4,714,110 with an unvoted debt margin of $105,302 at June 30, 2022.

For further information regarding the School District's long-term obligations, refer to Note 14 to the basic financial statements.

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 information, contact Grant Amyx, Treasurer, Fairfield Local School District, 11611 S.R. 771, Leesburg, Ohio, 45135.

Fairfield Local School District
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	$11,685,043
Materials and Supplies Inventory	1,054
Accrued Interest Receivable	1,449
Inventory Held for Resale	4,878
Prepaid Items	13,753
Accounts Receivable	4,068
Intergovernmental Receivable	90,281
Taxes Receivable	2,611,669
Net OPEB Asset	738,589
Capital Assets:	
Land and Construction in Progress	399,200
Depreciable Capital Assets, Net	14,968,070
Total Assets	30,518,054
Deferred Outflows of Resources:	
Pension	2,620,145
OPEB	387,366
Total Deferred Outflows of Resources	3,007,511
Liabilities:	
Accounts Payable	30,209
Accrued Wages and Benefits Payable	494,048
Intergovernmental Payable	239,651
Accrued Interest Payable	9,196
Unearned Revenue	15,253
Claims Payable	146,545
Long-Term Liabilities:	
Due Within One Year	261,065
Due in More Than One Year:	
Net Pension Liability	6,107,942
Net OPEB Liability	862,017
Other Amounts	4,258,287
Total Liabilities	12,424,213
Deferred Inflows of Resources:	
Deferred Gain on Refunding	102,490
Property Taxes	2,334,575
Pension	4,774,361
OPEB	1,346,767
Total Deferred Inflows of Resources	8,558,193
Net Position:	
Net Investment in Capital Assets	11,122,384
Restricted for:	
Debt Payments	1,031,422
Capital Improvements	138,424
Food Service	311,731
Capital Maintenance	236,690
Scholarships	15,380
Miscellaneous Grants	275,603
Student Managed Activities	91,754
Donations	589
Endowment:	
Expendable	132
Nonexpendable	45,420
Unrestricted (Deficit)	(726,370)
Total Net Position	$12,543,159

See Accompanying Notes to the Basic Financial Statements

Fairfield Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2022

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$4,439,716	$257,683	$137,972	($4,044,061)
Special	1,766,404	0	1,186,963	(579,441)
Vocational	197,282	0	102,572	(94,710)
Support Services:				
Pupils	843,010	0	201,132	(641,878)
Instructional Staff	467,293	0	110,201	(357,092)
Board of Education	85,793	0	0	(85,793)
Administration	1,029,303	0	0	(1,029,303)
Fiscal	353,282	0	138,875	(214,407)
Operation and Maintenance of Plant	1,153,889	0	52,780	(1,101,109)
Pupil Transportation	700,185	0	88,504	(611,681)
Central	349,046	0	632,551	283,505
Operation of Non-Instructional Services	447,263	79,999	0	(367,264)
Extracurricular Activities	403,002	132,846	43,864	(226,292)
Interest and Fiscal Charges	95,015	0	0	(95,015)
Total Governmental Activities	$12,330,483	$470,528	$2,695,414	(9,164,541)

General Revenues:	
Property Taxes Levied for:	
General Purposes	1,807,969
Debt Service	440,371
Classroom Facilities Maintenance	159,109
Grants and Entitlements not Restricted to Specific Programs	8,643,058
Investment Earnings	11,232
Miscellaneous	84,311
Total General Revenues	11,146,050
Change in Net Position	1,981,509
Net Position at Beginning of Year	10,561,650
Net Position at End of Year	$12,543,159

See Accompanying Notes to the Basic Financial Statements

Fairfield Local School District
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	$7,880,666	$980,956	$1,177,967	$1,569,752	$11,609,341
Inventory Held for Resale	0	0	0	4,878	4,878
Materials and Supplies Inventory	0	0	0	1,054	1,054
Receivables:					
Taxes Receivable	1,983,455	387,811	0	240,403	2,611,669
Intergovernmental	63,854	0	0	26,427	90,281
Accrued Interest	1,449	0	0	0	1,449
Accounts Receivable	3,948	0	0	120	4,068
Interfund	995,627	0	0	0	995,627
Prepaid Items	13,753	0	0	0	13,753
Total Assets	$10,942,752	$1,368,767	$1,177,967	$1,842,634	$15,332,120
Liabilities:					
Accounts Payable	$14,340	$0	$0	$15,869	$30,209
Accrued Wages and Benefits Payable	432,701	0	0	61,347	494,048
Interfund Payable	0	0	800,000	195,627	995,627
Intergovernmental Payable	211,689	0	0	27,962	239,651
Unearned Revenue	0	0	0	15,253	15,253
Total Liabilities	658,730	0	800,000	316,058	1,774,788
Deferred Inflows of Resources:					
Property Taxes	1,788,361	328,149	0	218,065	2,334,575
Unavailable Revenue	114,245	22,506	0	21,265	158,016
Total Deferred Inflows of Resources	1,902,606	350,655	0	239,330	2,492,591
Fund Balances:					
Nonspendable	13,753	0	0	46,474	60,227
Restricted	0	1,018,112	0	933,331	1,951,443
Committed	0	0	0	138,424	138,424
Assigned	98,746	0	377,967	180,429	657,142
Unassigned (Deficit)	8,268,917	0	0	(11,412)	8,257,505
Total Fund Balances	8,381,416	1,018,112	377,967	1,287,246	11,064,741
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$10,942,752	$1,368,767	$1,177,967	$1,842,634	$15,332,120

See Accompanying Notes to the Basic Financial Statements

Fairfield Local School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2022

Total Governmental Fund Balances		$11,064,741
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.		15,367,270
Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	149,832	
Intergovernmental	8,184	
Total		158,016
The net pension liability and net OPEB liability (asset) are not due and payable in the current period; therefore, the liabilities (asset) and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	738,589	
Deferred Outflows - Pension	2,620,145	
Deferred Outflows - OPEB	387,366	
Net Pension Liability	(6,107,942)	
Net OPEB Liability	(862,017)	
Deferred Inflows - Pension	(4,774,361)	
Deferred Inflows - OPEB	(1,346,767)	
Total		(9,344,987)
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.		(70,843)
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(9,196)
Deferred Outflows/Inflows of Resources represent deferred charges/gain on refundings which do not provide current financial resources and therefore are not reported in the funds.		(102,490)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Refunding Bonds payable	(3,745,000)	
Premium on debt issuance	(221,394)	
Finance Purchase	(141,580)	
Lease	(34,422)	
Compensated absences	(376,956)	
Total		(4,519,352)
Net Position of Governmental Activities		$12,543,159

See Accompanying Notes to the Basic Financial Statements

Fairfield Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	$1,829,115	$457,285	$0	$148,406	$2,434,806
Intergovernmental	9,314,074	21,157	0	2,034,586	11,369,817
Investment Earnings	11,232	0	0	213	11,445
Tuition and Fees	249,714	0	0	0	249,714
Extracurricular Activities	7,969	0	0	132,846	140,815
Customer Services	0	0	0	79,999	79,999
Gifts and Donations	4,822	0	0	44,744	49,566
Miscellaneous	64,314	0	0	19,997	84,311
Total Revenues	11,481,240	478,442	0	2,460,791	14,420,473
Expenditures:					
Current:					
Instruction:					
Regular	4,308,508	0	43,222	165,637	4,517,367
Special	1,179,947	0	0	690,583	1,870,530
Vocational	194,737	0	0	8,623	203,360
Support Services:					
Pupils	663,670	0	0	192,619	856,289
Instructional Staff	319,631	0	0	103,734	423,365
Board of Education	86,785	0	0	0	86,785
Administration	1,099,285	0	0	0	1,099,285
Fiscal	361,765	13,674	0	4,277	379,716
Operation and Maintenance of Plant	914,141	0	113,752	162,444	1,190,337
Pupil Transportation	644,056	0	0	265	644,321
Central	258,366	0	0	88,570	346,936
Operation of Non-Instructional Services	3,873			510,754	514,627
Extracurricular Activities	184,752	0	0	200,573	385,325
Capital Outlay	2,568	0	0	9,265	11,833
Debt Service:					
Principal Retirement	24,078	366,000	0	90,710	480,788
Interest and Fiscal Charges	1,477	118,221	0	6,713	126,411
Total Expenditures	10,247,639	497,895	156,974	2,234,767	13,137,275
Excess of Revenues Over (Under) Expenditures	1,233,601	(19,453)	(156,974)	226,024	1,283,198
Net Change in Fund Balances	1,233,601	(19,453)	(156,974)	226,024	1,283,198
Fund Balances at Beginning of Year	7,147,815	1,037,565	534,941	1,061,222	9,781,543
Fund Balances at End of Year	$8,381,416	$1,018,112	$377,967	$1,287,246	$11,064,741

See Accompanying Notes to the Basic Financial Statements

Fairfield Local School District
Reconciliation of the Change in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds		$1,283,198
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital assets additions	238,219	
Construction in progress additions	20,995	
Depreciation expense	(876,924)	
Excess of depreciation over capital outlay expense		(617,710)
The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of the capital assets are removed from the capital asset account in the Statement of Net Position and offset against the proceeds from the sale of capital assets resulting in a loss on the sale of capital assets in the Statement of Activities.		
Loss on Disposal of Capital Assets		(2,211)
Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues.		
Delinquent Property Taxes	(27,357)	
Intergovernmental	(81,124)	
Total		(108,481)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	894,584	
OPEB	28,698	
Total		923,282
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability (asset) are reported as pension expense in the Statement of Activities.		
Pension	(156,626)	
OPEB	24,002	
Total		(132,624)
Accretion and amortization of bond premiums, the deferred loss/gain on refunding debt, as well as accrued interest payable on the bonds are not reported in the funds, but are allocated as an expense over the life of the debt in the Statement of Activities.		
Amortization of gain on refunding	12,009	
Amortization of bond premium	18,388	
Accrued Interest on bonds	999	
Total		31,396
Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current fiscal year, this amount consisted of:		
Bond principal retirement	366,000	
Finance Purchase payment	90,710	
Lease payment	24,078	
Total		480,788
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Decrease in compensated absences		87,098
Internal funds are not reported in the entity-wide Statement of Activities. The net income of the internal service funds is reported with governmental activities.		36,773
Change in Net Position of Governmental Activities		$1,981,509

See Accompanying Notes to the Basic Financial Statements

Fairfield Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property Taxes	$1,733,571	$1,847,465	$1,847,465	$0
Intergovernmental	9,258,037	9,256,999	9,256,999	0
Interest	62,788	62,781	62,781	0
Tuition and Fees	243,699	249,714	249,714	0
Extracurricular Activities	4,767	7,969	7,969	0
Gifts and Donations	4,767	4,822	4,822	0
Miscellaneous	61,165	61,931	61,931	0
Total Revenues	11,368,794	11,491,681	11,491,681	0
Expenditures:				
Current:				
Instruction:				
Regular	5,079,611	4,464,350	4,464,350	0
Special	1,179,533	1,176,967	1,176,967	0
Vocational	197,187	206,188	206,188	0
Support Services:				
Pupils	711,240	667,077	667,077	0
Instructional Staff	441,218	332,396	332,396	0
Board of Education	137,275	88,865	88,865	0
Administration	1,101,513	1,112,856	1,112,856	0
Fiscal	442,741	391,588	391,588	0
Operation and Maintenance of Plant	1,059,207	982,440	982,440	0
Pupil Transportation	773,050	669,864	669,864	0
Central	232,925	259,677	259,677	0
Operation of Non-Instructional Services:				
Food Service Operations	638	119	119	0
Community Services	4,429	4,023	4,023	0
Extracurricular Activities	142,359	187,308	187,308	0
Capital Outlay	6,150	2,500	2,500	0
Total Expenditures	11,509,076	10,546,218	10,546,218	0
Excess of Revenues Over (Under) Expenditures	(140,282)	945,463	945,463	0
Other Financing Sources (Uses):				
Transfers In	0	26,172	26,172	0
Advances Out	(900,000)	(195,627)	(195,627)	0
Total Other Financing Sources (Uses)	(900,000)	(169,455)	(169,455)	0
Net Change in Fund Balance	(1,040,282)	776,008	776,008	0
Fund Balance at Beginning of Year	6,866,840	6,866,840	6,866,840	0
Prior Year Encumbrances Appropriated	159,033	159,033	159,033	0
Fund Balance at End of Year	$5,985,591	$7,801,881	$7,801,881	$0

See Accompanying Notes to the Basic Financial Statements

Fairfield Local School District
Statement of Fund Net Position
Internal Service Fund
June 30, 2022

	Internal Service
Assets:	
Equity in Pooled Cash and Cash Equivalents	$75,702
Liabilities:	
Claims Payable	146,545
Net Position:	
Unrestricted (Deficit)	($70,843)

See accompanying notes to the basic financial statements

Fairfield Local School District
Statement of Revenues,
Expenses and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2022

	Internal Service
Operating Revenues:	
Charges for Services	$251,763
Operating Expenses:	
Claims	214,990
Change in Net Position	36,773
Net Position (Deficit) at Beginning of Year	(107,616)
Net Position (Deficit) at End of Year	($70,843)

See accompanying notes to the basic financial statements

Fairfield Local School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2022

	Internal Service
Increase in Cash and Cash Equivalents:	
Cash Flows from Operating Activities:	
Cash Received from Interfund Services Provided	$251,763
Cash Payments for Employees Medical Insurance Claims	(224,176)
Net Increase in Cash and Cash Equivalents	27,587
Cash and Cash Equivalents at Beginning of Year	48,115
Cash and Cash Equivalents at End of Year	$75,702
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:	
Operating Loss	$36,773
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Increase (Decrease) in Liabilities:	
Claims Payable	(9,186)
Total Adjustments	(9,186)
Net Cash Provided by Operating Activities	$27,587

See accompanying notes to the basic financial statements

Fairfield Local School District
Statement of Fiduciary Net Position
Custodial Funds
June 30, 2022

	Custodial
Assets:	
Equity in Pooled Cash and Cash Equivalents	$16,000
Liabilities:	
Accounts Payable	$16,000

See Accompanying Notes to the Basic Financial Statements

Fairfield Local School District
Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended June 30, 2022

	Custodial Fund
Additions:	
Gifts and Donations	$10,950
Deductions:	
Non-Instructional Services	10,950
Change in Net Position	0
Net Position at Beginning of Year	0
Net Position at End of Year	$0

See Accompanying Notes to the Basic Financial Statements

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Fairfield Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected 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 State statute and federal guidelines.

The Fairfield Local School District was established in 1962. The School District serves an area of approximately 53 square miles. It is located in Highland and Clinton Counties, and includes all of the Villages of Leesburg and Highland, all of Fairfield Township, portions of Penn and Liberty Townships and a portion of Wayne Township in Clinton County. The School District currently operates one instructional building and one bus garage.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Fairfield 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, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The School District has no component units.

The School District participates in two jointly governed organizations and one insurance purchasing pool. These organizations are presented in Note 16 of the basic financial statements.

These organizations are:

Jointly Governed Organizations:
- Miami Valley Educational Computer Association
- Great Oaks Institute of Technology and Career Development

Insurance Purchasing Pool:
- Ohio School Boards Association Workers' Compensation Group Rating Plan

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 School District, except for fiduciary funds. The government-wide financial statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type activities; however, the School District has no business-type activities.

The Statement of Net Position presents the financial condition of the governmental activities of the School District at fiscal 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 are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. 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 fiscal 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 governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The Internal Service Fund is presented in a single column on the face of the proprietary fund statement. Fiduciary funds are reported by type.

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 are governmental, proprietary, and fiduciary.

Governmental Funds

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

> *General Fund* - The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> *Debt Service Fund* – The Debt Service Fund is used to account for and report the accumulation of resources for, and the payment of, general obligation bond principal and interest and certain other long-term obligations when the School District is obligated for the payment.
>
> *Capital Projects Fund* – The Capital Projects Fund is used to account for and report monies which have been assigned by the Board of Education to be used for acquiring, constructing, or improving facilities within the School District.

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds. The School District has one internal service fund for the operation of its health self-insurance.

Fiduciary Funds

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

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and 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 (e.g., revenues) and decreases (e.g., 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 and deferred outflows of resources and 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 statements for governmental funds.

Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, 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 that the amount of the transaction can be determined, and “available” means that the resources are collectible 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 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). 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 fiscal 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 expenditure 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.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available for advance and grants.

Deferred Outflows/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, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported in the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Note 11 and 12.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets 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 included deferred gain on refunding, property taxes, pension and OPEB plans, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 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 fund balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 16. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Note 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. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Cash and Cash Equivalents

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

During fiscal year 2022, the School District's investments were limited to STAR Ohio, commercial paper, money market mutual funds, negotiable certificates of deposit and federal home loan mortgage corporation notes. Investments, except for STAR Ohio, are reported at fair value which is based on quoted market prices. For investments in open-end mutual funds, the fair value is determined by the fund's current share price. The School District's commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase less than one year.

During fiscal year 2022, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of $100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to $250 million per day, 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.

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 2022 amounted to $11,232, which includes $3,524 assigned from other School District funds.

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

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable/Payable". Interfund balances are eliminated in the Statement of Net Position.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of purchased food held for resale and consumable supplies.

Capital Assets

All capital assets of the School District are general capital assets that are 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.

Capital assets (except for intangible right-to-use lease assets which are discussed below) are capitalized at cost (or estimated historical cost, which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of $1,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not 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
Land Improvements	20 - 40 years
Buildings and Improvements	20 - 40 years
Furniture, Fixtures and Equipment	8 - 20 years
Vehicles	10 years
Textbooks	5 years

The School District is reporting intangible right to use assets related to leased equipment. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, these intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the 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.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (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/OPEB plans and additions to/deductions from their fiduciary net positon 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.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits. Bonds and leases are recognized as a liability in the governmental fund financial statements when due.

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

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by the highest level of 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.

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. These amounts are assigned by the School District Board of Education. In the General Fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by resolution or by State Statute. State Statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The fund balance also represents public school purposes and capital improvements.

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 fund balance.

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.

Net Position

Net position represents the difference between all other elements in a statement of financial position. 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 improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through 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 include resources restricted for food service operations, music and athletic programs, student activities, and federal and State grants.

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

Internal Activity

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

Budgetary Process

All funds, except for 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, all of 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.

The certificate of estimated resources may be amended during the fiscal 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 statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate that were in effect at the time the final appropriations were passed.

The appropriation resolution is subject to amendment by the Board throughout the fiscal 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 fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including all supplemental appropriations.

Bond Premiums

For governmental activities, bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds were issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Estimates

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for the self-insurance programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are classified as non-operating.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2022, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases and related guidance from (GASB) Implementation Guide No. 2019-3, Leases.

GASB Statement 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the School District's 2022 financial statements. The School District recognized $58,500 in leases payable at July 1, 2021 which was offset by the intangible asset, right to use lease - equipment.

The School District is implementing Implementation Guide No. 2020-1, GASB Statement No. 92 –Omnibus 2020, and GASB Statement No. 97 -- Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. These changes were incorporated in the School Distrcits's 2022 financial statements; however, there was no effect on beginning net position/fund balance.

For fiscal year 2022, the School Distrcit modified its approach related to the eligibility requirements of certain School District grants; however, there was no effect on beginning net position/fund balance.

NOTE 4 - FUND BALANCES

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

Fund Balances	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable:					
Prepaids	$13,753	$0	$0	$0	$13,753
Inventory	0	0	0	1,054	1,054
Endowment	0	0	0	45,420	45,420
Total Nonspendable	13,753	0	0	46,474	60,227
Restricted for:					
Debt Payment	0	1,018,112	0	0	1,018,112
Food Service	0	0	0	313,179	313,179
Capital Maintenance	0	0	0	236,690	236,690
Scholarships	0	0	0	15,380	15,380
Miscellaneous Grants	0	0	0	275,607	275,607
Student Managed Activities	0	0	0	91,754	91,754
Donations	0	0	0	589	589
Endowment	0	0	0	132	132
Total Restricted	0	1,018,112	0	933,331	1,951,443
Committed to					
Capital Improvements	0	0	0	138,424	138,424
Assigned to:					
Capital Improvements	0	0	377,967	180,429	558,396
Purchases on Order	72,594	0	0	0	72,594
Public School Purpose	26,152	0	0	0	26,152
Total Assigned	98,746	0	377,967	180,429	657,142
Unassigned (Deficit):	8,268,917	0	0	(11,412)	8,257,505
Total Fund Balances	$8,381,416	$1,018,112	$377,967	$1,287,246	$11,064,741

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual 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 (budget basis) as opposed to when susceptible to accrual (GAAP basis).

2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).

4. Advances In and Advances out are operating transactions (budget basis) as opposed to Balance Sheet transactions (GAAP basis).

5. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).

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

Net Change in Fund Balance	
GAAP Basis	$1,233,601
Adjustments:	
Revenue Accruals	(41,108)
Expenditure Accruals	(204,926)
Encumbrances	(93,653)
Advances	(195,627)
Transfers	26,172
Increase in Fair Market Value of Investments - 2021	36,681
Increase in Fair Market Value of Investments - 2022	14,868
Budget Basis	$776,008

NOTE 6 - DEPOSITS AND INVESTMENTS

Monies held by the School District are classified by State statute into three categories.

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

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

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

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

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

1. United States Treasury bills, bonds notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirement 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 obligation described in (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); and

8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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

Investments

As of June 30, 2022, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	S&P's/ Moody's Ratings	Percent of Total Investments
Net Asset Value per Share:				
STAROhio	$7,209,116	Less than one year	AAAm	N/A
Amortized Cost:				
Commercial Paper	990,969	Less than one year	P1/A1 to A1	10.72%
Fair Value - Level One Inputs:				
Money Market Mutual Fund	40,237	Less than one year	Aaa	N/A
Fair Value - Level Two Inputs:				
Negotiable Certificate of Deposits	978,178	Less than five years	N/A	10.58%
Federal Home Loan Mortgage Corporation Notes	22,921	Less than five years	Aaa	N/A
Total Fair Value - Level Two Inputs	1,001,099			
Total	$9,241,421			

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. The above chart identifies the School District's recurring fair value measurements as of June 30, 2022. The Money Market Mutual Fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk:

The School District's investment policy follows State statute, which requires that an investment mature within five years of the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk:

The Standard and Poor's or Moody's rating of the School District's investments is listed in the table above. STAR Ohio is permitted by Ohio Revised Code Section 135.45. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market mutual funds be rated in the highest category at the time of purchase by at least one nationally recognized rating service. The negotiable certificates of deposit are in denominations of under $250,000 each, in separate banks, and are insured by the Federal Deposit Insurance Corporation (FDIC). The negotiable certificates of deposit are, therefore, not subject to credit risk. The Discount Commerical Paper investments are rated P1/A1 to A1+ by Moody's and Standard and Poor's. The School District has no investment policy that addresses credit risk.

Custodial Credit Risk

For an investment, 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. All of the School District's investments are either insured and registered in the name of the School District or at least registered in the name of the School District. The School District does not have a policy for custodial credit risk.

NOTE 7- PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2020, were levied after April 1, 2021, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Highland and Clinton Counties. The County Auditor's 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, 2022, are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes that are measurable as of June 30, 2022, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2022, was $80,849 in the General Fund, $37,156 in the Debt Service Fund, and $9,257 in the Capital Projects Fund. The amount available as an advance at June 30, 2021, was $99,199 in the General Fund, $47,014 in the Debt Service Fund, and $1,842 in the Classroom Facilities Maintenance Special Revenue Fund (Nonmajor Governmental Funds).

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources-unavailable revenue.

The assessed values upon which the fiscal year 2022 taxes were collected are:

	2021 First - Half Collections		2022 First - Half Collections	
	Amount	Percentage	Amount	Percentage
Real Estate	$90,920,790	96.52%	$101,761,280	96.64%
Public Utility Personal	3,275,410	3.48%	3,541,190	3.36%
Total Assessed Value	$94,196,200	100.00%	$105,302,470	100.00%
Tax rate per $1,000 of assessed valuation	$32.89		$30.44	

NOTE 8 - RECEIVABLES

Receivables at June 30, 2022, consisted of property taxes, intergovernmental grants, accrued interest, accounts and interfund. 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 fiscal year guarantee of federal funds. All receivables except delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

Intergovernmental receivables consist of the following:

	Amounts
Governmental Activities:	
Medicaid Reimbursement	$1,859
STRS Overfunding	59,808
IDEA B Special Education Grant	3,720
Elementary and Secondary School Emergency Relief Grant	22,707
Foundation Adjustment from Ohio Department of Education	2,187
Total Intergovernmental Receivables	$90,281

NOTE 9 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2022, was as follows:

	(Restated) Balance at 6/30/21	Additions	Deductions	Balance at 6/30/22
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$399,200	$0	$0	$399,200
Construction in Progress	38,990	20,995	(59,985)	0
Total Capital Assets Not Being Depreciated	438,190	20,995	(59,985)	399,200
Capital Assets Being Depreciated:				
Land Improvements	2,167,737	0	0	2,167,737
Buildings and Improvements	23,277,985	76,960	0	23,354,945
Furniture, Fixtures and Equipment	2,293,167	215,799	(69,336)	2,439,630
Intangible Right to Use - Furniture, Fixtures, and Equipment	58,500	0	0	58,500
Vehicles	1,082,657	5,445	0	1,088,102
Textbooks	970,875	0	0	970,875
Totals Capital Assets Being Depreciated	29,850,921	298,204	(69,336)	30,079,789
Less Accumulated Depreciation:				
Land Improvements	(800,887)	(54,772)	0	(855,659)
Buildings and Improvements	(10,127,251)	(598,010)	0	(10,725,261)
Furniture, Fixtures and Equipment	(1,729,347)	(127,298)	67,125	(1,789,520)
Intangible Right to Use - Furniture, Fixtures, and Equipment	0	(25,071)	0	(25,071)
Vehicles	(673,560)	(71,773)	0	(745,333)
Textbooks	(970,875)	0	0	(970,875)
Total Accumulated Depreciation	(14,301,920)	(876,924) *	67,125	(15,111,719)
Total Capital Assets Being Depreciated, Net	15,549,001	(578,720)	(2,211)	14,968,070
Governmental Activities Capital Assets, Net	$15,987,191	($557,725)	($62,196)	$15,367,270

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$447,899
Special	27,003
Vocational	22,618
Support Services:	
Pupils	9,570
Instructional Staff	70,038
Administration	44,989
Fiscal	14,457
Operation and Maintenance of Plant	66,486
Pupil Transportation	108,123
Central	2,110
Operation of Non-Instructional Services:	
Food Service Operations	44,045
Extracurricular Activites	19,586
Total Depreciation Expense	$876,924

** Of the current year depreciation total of $876,924, $25,071 is presented as regular expense on the Statement of Activities related to the School District's intangible asset of a copy machine, which is included as an Intangible Right to Use Lease. With the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

NOTE 10 - RISK MANAGEMENT

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2022, the School District contracted with the Liberty Mutual for property insurance coverage.

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

Employee Health Care Benefits

The School District is partially self-insured for employee health care benefits for all of its employees. The health care benefits program is currently administered by Medical Mutual, which provides claims review and processing services.

The liability for unpaid claims of $146,545 reported in the Health Self-Insurance Fund at June 30, 2022, is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," as amended by GASB Statement No. 30, "Risk Management Omnibus," which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. Estimates were calculated based upon an independent actuarial evaluation of claims payable. The estimate was not affected by incremental claims adjustment expenses and does not include other allocated or unallocated claims adjustment expenses.

Employees choosing Medical Mutual have an unlimited lifetime benefit with the health reimbursement account covering 75% of the deductible. The School District has a preferred provider organization insurance plan that covers all expenses above the employee out-of-pocket maximum.

Changes in claims activity for employee health care benefits for the fiscal year is as follows:

	Balance at Beginning of Fiscal Year	Current Fiscal Year Claims	Claims Payments	Balance at End of Fiscal Year
2021	$0	$328,019	$172,288	$155,731
2022	155,731	214,990	224,176	146,545

Workers' Compensation

For fiscal year 2022, the School District participated in the Ohio School Boards Association Workers' Compensation Group-Retrospective Rating Plan (GRP), an insurance purchasing pool (Note 16). 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. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sedwick Managed Care Ohio provides administrative, cost control and actuarial services to the GRP. Each fiscal year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

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

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

The proportionate share of each plan's unfunded benefits is presented as a net OPEB asset or long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB 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 – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was $227,597 for fiscal year 2022. Of this amount, $24,841 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 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 on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. 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 fiscal year 2022 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was $666,987 for fiscal year 2022. Of this amount, $114,336 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Page 47Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.04414910%	0.035030541%	
Proportion of the Net Pension Liability			
Prior Measurement Date	0.04069280%	0.034624810%	
Change in Proportionate Share	0.00345630%	0.000405731%	
Proportionate Share of the Net Pension Liability	$1,628,973	$4,478,969	$6,107,942
Pension Expense	$48,531	$108,095	$156,626

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	$157	$138,378	$138,535
Changes of assumptions	34,301	1,242,546	1,276,847
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	132,031	178,148	310,179
School District contributions subsequent to the measurement date	227,597	666,987	894,584
Total Deferred Outflows of Resources	$394,086	$2,226,059	$2,620,145
Deferred Inflows of Resources:			
Differences between expected and actual experience	$42,246	$28,074	$70,320
Net difference between projected and actual earnings on pension plan investments	838,969	3,860,014	4,698,983
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	5,058	0	5,058
Total Deferred Inflows of Resources	$886,273	$3,888,088	$4,774,361

$894,584 reported as deferred outflows of resources related to pension resulting from 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	($128,592)	($553,263)	($681,855)
2024	(134,202)	(488,298)	(622,500)
2025	(199,477)	(540,005)	(739,482)
2026	(257,513)	(747,450)	(1,004,963)
Total	($719,784)	($2,329,016)	($3,048,800)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.4 percent	3.00 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.5 percent
Investment Rate of Return	7.00 percent net of System expenses	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

The most recent experience study was completed for the five year period ended June 30, 2020.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	100.00 %	

Discount Rate

The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 7.5 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the 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 net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$2,710,212	$1,628,973	$717,118

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50 percent	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.45 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent	0.0 percent,

Post-retirement 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

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

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

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 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 (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$8,387,434	$4,478,969	$1,176,326

Changes Between the Measurement Date and the Reporting date

In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2022, two members of the Board of Education have elected Social Security. The Board'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.

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. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. 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 Annual Comprehensive Financial

Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the School District's surcharge obligation was $28,698.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $28,698 for fiscal year 2022, all of which is reported as an intergovernmental payable.

<u>Plan Description - State Teachers Retirement System (STRS)</u>

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. 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. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2021, 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:

	SERS	STRS	Total
Proportion of the Net OPEB Liability			
Current Measurement Date	0.04554710%	0.035030541%	
Proportion of the Net OPEB Liability			
Prior Measurement Date	0.04229170%	0.034624810%	
Change in Proportionate Share	0.00325540%	0.000405731%	
Proportionate Share of the			
Net OPEB (Asset)	$0	($738,589)	($738,589)
Net OPEB Liability	$862,017	$0	$862,017
OPEB Expense	$13,648	($37,650)	($24,002)

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	$9,188	$26,299	$35,487
Changes of assumptions	135,230	47,178	182,408
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	105,081	35,692	140,773
School District contributions subsequent to the measurement date	28,698	0	28,698
Total Deferred Outflows of Resources	$278,197	$109,169	$387,366

	SERS	STRS	Total
Deferred Inflows of Resources:			
Differences between expected and actual experience	$429,323	$135,323	$564,646
Changes of assumptions	118,046	440,623	558,669
Net difference between projected and actual earnings on OPEB plan investments	18,728	204,724	223,452
Total Deferred Inflows of Resources	$566,097	$780,670	$1,346,767

$28,698 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 year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	($74,162)	($187,802)	($261,964)
2024	(74,293)	(182,675)	(256,968)
2025	(73,869)	(187,167)	(261,036)
2026	(62,751)	(85,656)	(148,407)
2027	(26,721)	(28,907)	(55,628)
Thereafter	(4,802)	706	(4,096)
Total	($316,598)	($671,501)	($988,099)

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.page

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	1.92 percent	2.45 percent
Prior Measurement Date	2.45 percent	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation		
Measurement Date	2.27 percent	2.63 percent
Prior Measurement Date	2.63 percent	3.22 percent
Medical Trend Assumption		
Medicare	5.125 to 4.40 percent	5.25 to 4.75 percent
Pre-Medicare	6.75 to 4.40 percent	7.00 to 4.75 percent

For 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

For 2020, 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, 2020.

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 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2021, was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 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 all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020, and the June 30, 2021, total OPEB liability. The Municipal Bond Index rate is 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. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021, and 2.45 percent at June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
School District's proportionate share of the net OPEB liability	$1,068,142	$862,017	$697,348

	1% Decrease (5.75 % decreasing to 3.40%)	Current Trend Rate (6.75 % decreasing to 4.40%)	1% Increase (7.75 % decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	$663,682	$862,017	$1,126,930

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	5.00 percent initial, 4 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug		
Pre-Medicare	6.50 percent initial, 4 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	29.98 initial, 4 percent ultimate	11.87 initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011, through June 30, 2016.

The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate

The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	($623,256)	($738,589)	($834,935)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	($831,031)	($738,589)	($624,279)

Changes Between the Measurement Date and the Reporting date

In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability is unknown.

NOTE 13 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. The classified employees working 12 months of the year earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and the Treasurer upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month.

Insurance Benefits

For fiscal year 2022, medical/surgical and prescription drug insurance is offered to employees through Medical Mutual of Ohio. The employees share the cost of the monthly premium with the Board. The premium varies with the employee, depending on the terms of the contract.

The School District has elected to provide dental insurance through Delta Dental of Ohio. The School District provides vision insurance to all employees through Vision Service Plan.

Retirement Incentive

An employee, covered by the master contract, who retires between July 1, 2017, and June 30, 2024, will receive a retirement incentive bonus using the following formula:

> One-half percent (.005) of the employee's average total compensation for the last three full fiscal years of his/her employment in the School District.
>
> The average is then multiplied by (X), where (X) equals the number of complete fiscal years of service in the Fairfield Local School District.

The following restrictions apply to this incentive:

1. The employee must be eligible for and taking initial regular retirement under either STRS or SERS. (Persons previously retired under STRS or SERS are ineligible.)
2. Effective June 30, 2011, this incentive applies to only those employees who retire with less than 31 years of service credit under either STRS or SERS.
3. The employee must give the Board of Education a minimum of 90 days written notice of his/her intent to retire.
4. An employee who retires during the school year receives no partial credit for that year in terms of bonus calculation; the bonus will be based on the last three complete fiscal years of service.

5. Compensation upon which the bonus is calculated includes all payments made to the employee from whichever retirement that has been withheld.

The retirement incentive bonus is paid within 30 days of the actual retirement date, provided written evidence of actual retirement (such as a copy of a retirement check or its stub) has been provided to the Treasurer.

Two employees accepted the retirement incentive bonus during fiscal year 2022.

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2022 were as follows:

	Restated Amount Outstanding 6/30/2021	Additions	Deductions	Amount Outstanding 6/30/2022	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds:					
Direct Placement:					
2015 School Improvement Refunding Bonds:					
Serial Bonds 3.42%	$241,000	$0	$241,000	$0	$0
Premium on Debt Issuance	7,803	0	7,803	0	0
2020 School Improvement Refunding Bonds:					
Serial and Term Bonds 1.50% to 4.00%	3,870,000	0	125,000	3,745,000	110,000
Premium on Debt Issuance	231,979	0	10,585	221,394	0
Total Direct Placement	4,350,782	0	384,388	3,966,394	110,000
Net Pension Liability:					
STRS	8,377,974	0	3,899,005	4,478,969	0
SERS	2,691,508	0	1,062,535	1,628,973	0
Total Net Pension Liability	11,069,482	0	4,961,540	6,107,942	0
Net OPEB Liability:					
SERS	919,138	0	57,121	862,017	0
Financed Purchase	232,290	0	90,710	141,580	93,640
Lease	58,500	0	24,078	34,422	25,608
Compensated Absences	464,054	32,158	119,256	376,956	31,817
Total Governmental Activities Long-Term Liabilities	$17,094,246	$32,158	$5,637,093	$11,489,311	$261,065

School Improvement Refunding Bonds 2015

On September 2, 2015, the School District issued $1,240,000 in Series 2015 refunding bonds in order to refund the 2006 Refunding Bonds in order to take advantage of lower interest rates. These bonds were paid from the Debt Service Fund and matured on December 1, 2021. The bonds were directly placed with the Huntington Public Capital Corporation.

School Improvement General Obligation Bonds 2020

On March 3, 2020, the School District issued $4,010,000 in School Improvement Refunding Bonds for the purpose of refunding the 2015 School Improvement General Obligation Bonds, in order to take advantage of lower interest rates. Of these bonds, $1,205,000 were serial bonds and $2,805,000 are term bonds. These bonds are paid from the Debt Service Funds and will mature in June 2043. At June 30, 2022, $3,745,000 of the refunded bonds were still outstanding.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2022, are as follows:

	Direct Placement		
Fiscal Year Ending June 30,	Serial/Term Bonds Principal	Serial/Term Bonds Interest	Total
2023	$110,000	$110,350	$220,350
2024	110,000	108,563	218,563
2025	130,000	106,913	236,913
2026	140,000	101,712	241,712
2027	145,000	96,112	241,112
2028-2032	815,000	388,963	1,203,963
2033-2037	970,000	234,274	1,204,274
2038-2042	1,090,000	112,375	1,202,375
2043	235,000	5,875	240,875
Total	$3,745,000	$1,265,137	$5,010,137

Financed Purchase

In prior years, the School District entered into a financed purchase agreement for improvements, renovations and additions to the School District's building. This agreement met the criteria of a financed purchase which is defined as a financed purchase which transfers ownership to the lessee. Financed Purchase payments are reflected as debt expenditures in the fund financial statements. Principal payments made during fiscal year 2022 on the building totaled $90,710. Payments are made from the Permanent Improvement Fund.

The agreement provides for minimum annual financed purchase payments as follows:

Fiscal Year Ending June 30,	Total Payments
2023	$97,427
2024	48,707
Total	146,134
Less: Amount Representing Interest	(4,554)
Present Value of Net Minimum Lease Payments	$141,580

Lease Payable

The School District has outstanding lease agreements for copiers/printers. Due to the implementation of GASB Statement 87, the existing prior year capital leases has met the criteria of leases thus requiring it to be recorded by the District. The future lease payments were discounted based on the interest rate implicit in the lease. This discount is being amortized using the interest method over the life of the lease.

A summary of the principal and interest amounts for the remaining lease is as follows:

Fiscal Year Ending June 30,	Total Payments
2023	$26,317
2024	8,871
Total	35,188
Less: Amount Representing Interest	(766)
Present Value of Net Minimum Lease Payments	$34,422

The School District pays obligations related to employee compensation from the fund benefitting from their service. Compensated absences will be paid from the General Fund, Food Service, Title VI-B and Title I Special Revenue Funds. There is no repayment schedule for the net pension/OPEB liabilities. However, employer pension/OPEB contributions are made from the following funds: General Fund, Food Service, Title VI-B, and Title I Special Revenue Funds. For additional information related to the net pension/OPEB liabilities see Note 11 and 12.

The School District's overall legal debt margin was $4,714,110 with an unvoted debt margin of $105,302 at June 30, 2022.

NOTE 15 - INTERFUND ACTIVITY

Interfund Balances

Interfund balances at June 30, 2022, consist of the following individual interfund receivables and payable:

	Payable		
Receivable	Capital Projects Fund	Nonmajor Governmental Funds	Total
General Fund	$800,000	$195,627	$995,627

General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Advancing monies to other funds is necessary due to timing differences in the receiving grant monies. When the monies are finally received, the grant fund reimburses the General Fund for the initial advance.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL

Miami Valley Educational Computer Association

The Educational Service Center is a participant in the Miami Valley Educational Computer Association (MVECA), which is a computer consortium. MVECA is an association of public schools within the boundaries of Clark, Clinton, Fayette, Greene, Highland, Madison, Montgomery and Ross Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts.

The governing board of MVECA consists of five Superintendents and two Treasurers of member school districts, with four of the five Superintendents and both Treasurers elected by a majority vote of all member school districts, except the Greene County Career Center. The fifth Superintendent is from the Greene County Career Center. The Board exercises total control over the operations of the association including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board. The Educational Service Center paid MVECA $35,723 for services provided during fiscal year 2022. Financial information can be obtained from Liz Dunn, who serves as Treasurer, at 888 Dayton Street, Suite 102, Yellow Springs, Ohio 45387.

Great Oaks Institute of Technology and Career Development

The Great Oaks Institute of Technology and Career Development, a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. Great Oaks Institute of Technology and Career Development was formed for the purpose of providing vocational education opportunities to the students of the school district including students of Fairfield Local School District. The School District has no ongoing financial interest in, nor responsibility for the Institute. The School District made no contributions during the fiscal year. The Board exercises total control over the operations of the Institute including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. Complete financial statements for Great Oaks Institute of Technology and Career Development can be obtained from the Chief Financial Officer at 3254 East Kemper Road, Cincinnati, Ohio 45241.

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

NOTE 17 - 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 fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

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

	Capital Acquisition
Set-aside Reserve Balance as of June 30, 2021	$0
Current Fiscal Year Set-aside Requirement	166,914
Current Fiscal Year Offsets	(166,914)
Set-aside Balance as of June 30, 2022	$0

Amounts of offsets and qualifying expenditures presented in the table for the capital acquisition set-asides were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had additional offsets and qualifying expenditures for capital acquisitions, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore is not presented as being carried forward to the next fiscal year.

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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2022, if applicable, cannot be determined at this time.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2022 were provided. As a result, the School District had a receivable of $2,187. The School District has not received the final adjustments from ODE, which may result in additional receivables or payables.

Litigation

The School District is of the opinion that the ultimate disposition of any legal proceedings will not have a material effect, if any, on the financial condition of the School District.

NOTE 19 – ENDOWMENTS

The School District's permanent funds include donor-restricted endowments. The Net Position-Non-Expendable amounts of $45,420 represent the principal portion of the endowments. The Net Position – Expendable amount of $132 represents the interest earnings on donor-restricted investments and is available for expenditure by the governing board, for purposes consistent with the endowment's intent. State law permits the governing board to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise.

NOTE 20 – SIGNIFICANT COMMITMENTS

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General Fund	$93,653
Capital Projects Fund	188,838
Nonmajor Governmental Funds	207,769
Total	$490,260

Contractual Commitments

The outstanding construction commitments at June 30, 2022, are:

Contractor	Contract Amount	Amount Expended	Balance at 6/30/22
Swango Cabling and Trenching	$30,013	$0	$30,013
Landscapes and Outer Spaces, LLC	7,055	0	7,055
Total	$37,068	$0	$37,068

NOTE 21 - ACCOUNTABILITY

The following funds had a deficit fund balance as of June 30, 2022:

Athletic Fund	$3,591
Title VI-B Fund	3,726
Elementary/Secondary School Emergency Relief Fund	4,095
Total	$11,412

The HRA fund, which is an internal service fund, has a deficit net position in the amount of $70,843. The deficits in all funds were due to accruals in GAAP. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 22 – COVID 19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the School District received COVID-19 funding. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Fairfield Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Nine Fiscal Years (1)

	2022	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.04414910%	0.04069280%	0.04102630%	0.03998730%
School District's Proportionate Share of the Net Pension Liability	$1,628,973	$2,691,508	$2,454,676	$2,290,147
School District's Covered Payroll	$1,535,964	$1,410,900	$1,512,593	$1,345,793
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	106.06%	190.77%	162.28%	170.17%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%

(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

2018	2017	2016	2015	2014
0.03954390%	0.03794290%	0.03750130%	0.03839700%	0.03839700%
$2,362,662	$2,777,071	$2,139,859	$1,943,250	$2,283,346
$1,228,600	$1,224,564	$1,134,400	$1,105,099	$1,071,305
192.31%	226.78%	188.63%	175.84%	213.14%
69.50%	62.98%	69.16%	71.70%	65.52%

Fairfield Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Six Fiscal Years (1)

	2022	2021	2020
School District's Proportion of the Net OPEB Liability	0.04554710%	0.04229170%	0.04202070%
School District's Proportionate Share of the Net OPEB Liability	$862,017	$919,138	$1,056,733
School District's Covered Payroll	$1,535,964	$1,410,900	$1,512,593
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	56.12%	65.15%	69.86%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%

(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

2019	2018	2017
0.04045850%	0.03978850%	0.03796590%
$1,122,428	$1,067,819	$1,082,169
$1,345,793	$1,228,600	$1,224,564
83.40%	86.91%	88.37%
13.57%	12.46%	11.49%

Fairfield Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Teachers Retirement System of Ohio
Last Nine Fiscal Years (1)

	2022	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.035030541%	0.034624810%	0.034037120%	0.033973790%
School District's Proportionate Share of the Net Pension Liability	$4,478,969	$8,377,974	$7,527,105	$7,470,074
School District's Covered Payroll	$4,511,943	$4,181,157	$4,262,000	$3,777,936
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	99.27%	200.37%	176.61%	197.73%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%	77.30%

(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

2018	2017	2016	2015	2014
0.032893970%	0.031891570%	0.030061110%	0.030086760%	0.030086800%
$7,814,033	$10,675,070	$8,308,013	$7,318,141	$8,717,322
$3,811,514	$3,603,471	$3,132,371	$3,053,169	$3,139,131
205.01%	296.24%	265.23%	239.69%	277.70%
75.30%	66.80%	72.10%	74.70%	69.30%

Fairfield Local School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
School Teachers Retirement System of Ohio
Last Six Fiscal Years (1)

	2022	2021	2020	2019
School District's Proportion of the Net OPEB Liability (Asset)	0.035030541%	0.034624810%	0.034037120%	0.033973790%
School District's Proportionate Share of the Net OPEB Liability (Asset)	($738,589)	($608,530)	($563,737)	($545,924)
School District's Covered Payroll	$4,511,943	$4,181,157	$4,262,000	$3,777,936
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered - Payroll	-16.37%	-14.55%	-13.23%	-14.45%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	174.70%	182.10%	174.70%	176.00%

(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

2018	2017
0.032893970%	0.031891570%
$1,283,401	$1,705,569
$3,811,514	$3,603,471
33.67%	47.33%
47.10%	37.30%

Fairfield Local School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2022	2021	2020	2019
Net Pension Liability				
Contractually Required Contribution	$227,597	$215,035	$197,526	$204,200
Contributions in Relation to the Contractually Required Contribution	(227,597)	(215,035)	(197,526)	(204,200)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$1,625,693	$1,535,964	$1,410,900	$1,512,593
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.50%
Net OPEB Liability				
Contractually Required Contribution (2)	28,698	29,369	27,476	33,102
Contributions in Relation to the Contractually Required Contribution	(28,698)	(29,369)	(27,476)	(33,102)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	1.77%	1.91%	1.95%	2.19%
Total Contributions as a Percentage of Covered Payroll (2)	15.77%	15.91%	15.95%	15.69%

(1) The School District's covered payroll is the same for Pension and OPEB.
(2) Includes Surcharge

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014	2013
$181,682	$172,004	$171,439	$149,474	$153,167	$148,269
(181,682)	(172,004)	(171,439)	(149,474)	(153,167)	(148,269)
$0	$0	$0	$0	$0	$0
$1,345,793	$1,228,600	$1,224,564	$1,134,400	$1,105,099	$1,071,305
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%
28,104	20,116	17,130	26,079	18,085	18,257
(28,104)	(20,116)	(17,130)	(26,079)	(18,085)	(18,257)
$0	$0	$0	$0	$0	$0
2.09%	1.64%	1.40%	2.30%	1.64%	1.70%
15.59%	15.64%	15.40%	15.48%	15.50%	15.54%

Fairfield Local School District
Required Supplementary Information
Schedule of the School District's Contributions
School Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2022	2021	2020	2019
Net Pension Liability				
Contractually Required Contribution	$666,987	$631,672	$585,362	$596,680
Contributions in Relation to the Contractually Required Contribution	(666,987)	(631,672)	(585,362)	(596,680)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (2)	$4,764,193	$4,511,943	$4,181,157	$4,262,000
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014	2013
$528,911	$533,612	$504,486	$438,532	$396,912	$408,087
(528,911)	(533,612)	(504,486)	(438,532)	(396,912)	(408,087)
$0	$0	$0	$0	$0	$0
$3,777,936	$3,811,514	$3,603,471	$3,132,371	$3,053,169	$3,139,131
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%
$0	$0	$0	$0	$30,532	$31,391
0	0	0	0	(30,532)	(31,391)
$0	$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

NET PENSION LIABILITY

Changes in Assumptions – SERS

Beginning in fiscal year 2022, an assumption of 2.0 percent was used for COLA or Ad Hoc Cola. For fiscal years 2018 through 2021, an assumption of 2.5 percent was used. Prior to 2018, an assumption of 3 percent was used.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Amounts reported for 2022 use mortality rates based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts reported for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, ,2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Beginning with fiscal year 2018, 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. 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

NET OPEB LIABILITY

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

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

Municipal Bond Index Rate:	
Fiscal year 2022	1.92 percent
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 2022	2.27 percent
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

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 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.

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.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

Changes in Benefit Terms – STRS OPEB

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 2020.

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

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

This Page Intentionally Left Blank

FAIRFIELD LOCAL SCHOOL DISTRICT
HIGHLAND COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Assistance Listing Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed through Ohio Department of Education:			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program Non-Cash Disbursements	10.555	3L60	41,719
Cash Assistance:			
National School Lunch Program	10.555	3L60	325,949
Covid 19 - National School Lunch Program	10.555	3L60	23,707
Total National School Lunch			391,375
Cash Assistance:			
National School Breakfast Program	10.553	3L70	120,578
Total National School Breakfast Program			120,578
Total Child Nutrition Cluster			511,953
Pandemic EBT Administrative Cost Grant	10.649	3HF0	614
Total U.S. Department of Agriculture			**512,567**
U.S. DEPARTMENT OF EDUCATION			
Passed through Ohio Department of Education:			
Special Education Cluster:			
Special Education Grants to States	84.027	3M20	176,134
ARP IDEA	84.027X		45,080
Total Special Education Grants to States			221,214
Special Education Preschool Grants	84.173	3M20	3,430
ARP Preschool Grant	84.173X		3,338
Total Special Education Preschool Grants			6,768
Total Special Education Cluster			227,982
Title 1 Grants to Local Education Agencies	84.010	3M00	171,660
Supporting Effective Instruction State Grants	84.367	3Y60	29,380
Student Support and Academic Enrichment Program	84.424A	3H10	12,546
Elementary and Secondary School Emergency (ESSER) Fund	84.425D	3HS0	401,166
Elementary and Secondary School Emergency (ESSER) Fund	84.425D		218
ARP Elementary and Secondary School Emergency (ESSER) Fund	84.425U		381,780
Total Elementary and Secondary School Emergency Fund			783,164
Total Department of Education			**1,224,732**
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Ohio Emergency Management Agency:			
FEMA Disaster Grants - Public Assistance	97.036		41,172
Total Department of Homeland Security			**41,172**
Total Expenditures of Federal Awards			**$1,778,471**

The accompanying notes are an integral part of this schedule.

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Fairfield Local School District (the District) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE
KEITH FABER

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

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

Fairfield Local School District
Highland County
11611 State Route 771
Leesburg, Ohio 45135

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 *(Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Fairfield Local School District, Highland County, (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 22, 2023 wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, 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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio

March 22, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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

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

Fairfield Local School District
Highland County
11611 State Route 771
Leesburg, Ohio 45135

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Fairfield Local School District's, Highland County, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Fairfield Local School District's major federal program for the year ended June 30, 2022. Fairfield Local School District's major federal program are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Fairfield Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2022.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Keith Faber
Auditor of State
Columbus, Ohio
March 22, 2023

This page intentionally left blank.

FAIRFIELD LOCAL SCHOOL DISTRICT
HIGHLAND COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE
KEITH FABER

FAIRFIELD LOCAL SCHOOL DISTRICT

HIGHLAND COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 3/28/2023

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