OHIO AUDITOR OF STATE
KEITH FABER

FAYETTEVILLE-PERRY LOCAL SCHOOL DISTRICT
BROWN COUNTY

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Fayetteville Perry Local School District
Brown County
551 South Apple Street
Fayetteville, Ohio 45118

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 Fayetteville Perry Local School District, Brown County, Ohio (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 Fayetteville Perry Local School District, Brown County, Ohio as of June 30, 2022, and the respective changes in financial position 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

Also, as discussed in Note 23 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 May 1, 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio
May 1, 2023

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As management of the Fayetteville-Perry Local School District, we offer the readers of the School District's 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 in conjunction with the additional information that we have provided in the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's performance.

Financial Highlights

- The School District's net position increased $1,090,775 during this fiscal year's operations.

- General revenues accounted for $8,982,505 in revenue or 79 percent of all revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for $2,455,163, or 21 percent of total revenues of $11,437,668.

- The School District had $10,346,893 in expenses related to governmental activities; only $2,455,163 of these expenses were offset by program specific charges for services and sales, grants, and contributions. General revenues (primarily grants, entitlements and property taxes) of $8,982,505 were adequate to provide for these programs.

Using the Basic Financial Statements

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

The Statement of Net Position and the Statement of Activities provide information about the activities of the School District as a whole, and present 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 for the Fayetteville-Perry Local School District are the General Fund, the Debt Service Fund, and the Permanent Improvement Fund.

Reporting the School District as a Whole

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2022?" 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 helps answer this question. These government-wide financial statements include all assets, liabilities, and deferred inflows/outflows 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 the School District's net position and changes in position. The 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. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the School District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, most of the School District's programs and services are reported as governmental activities including instruction, support services, operation of non-instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 11. Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's major funds.

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.

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Table 1 provides a summary of the School District's net position for fiscal years 2022 and 2021:

Table 1
Net Position

	Governmental Activities	
	2022	2021
Assets		
Current and Other Assets	$ 9,173,643	$ 8,815,824
Capital Assets, Net	19,495,988	19,976,799
Total Assets	28,669,631	28,792,623
Noncurrent Assets		
Pensions and OPEB	2,372,814	2,000,568
Unamortized Deferred Amount on Refunding	203,130	220,794
Total Deferred Outflows of Resources	2,575,944	2,221,362
Liabilities		
Current and Other Liabilities	734,905	846,093
Long-Term Liabilities:		
Due Within One Year	377,806	414,106
Due in More than One Year:		
Net Pension Liabilities	4,888,727	8,901,345
Net OPEB Liabilities	668,218	717,157
Other Amounts	4,552,542	4,888,846
Total Liabilities	11,222,198	15,767,547
Deferred Inflows of Resources		
Pensions and OPEB	4,980,032	1,201,638
Property Taxes not Levied to Finance Current Year Operations	1,686,660	1,778,890
Total Deferred Inflows of Resources	6,666,692	2,980,528
Net Position		
Net Investment in Capital Assets	15,211,210	15,353,487
Restricted	2,724,653	2,905,995
Unrestricted	(4,579,178)	(5,993,572)
Total Net Position	$ 13,356,685	$ 12,265,910

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

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 (asset)*. 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. If there is a net OPEB asset, it will be reported in the asset 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.

Total net position of the School District as a whole increased $1,090,775. The increase to current and other assets is primarily due to an increase in taxes receivable and an increase in cash. The decrease in capital assets is due to current year depreciation expense, which is partially offset by current year additions. Deferred outflows of resources increased primarily to pension and OPEB activity. Long-term liabilities decreased due primarily to net pension liabilities, net OPEB liabilities and principal payments on debt obligations. Deferred inflows of resources increased due primarily to pension and OPEB activity.

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, restricted grants and contributions. General Revenues include property taxes, unrestricted grants such as State foundation support, unrestricted gifts and donations, interest and miscellaneous revenues.

Table 2
Changes in Net Position

	Governmental Activities 2022	Governmental Activities 2021
Revenues		
Program Revenues		
Charges for Services and Sales	$ 436,616	$ 1,486,958
Operating Grants and Contributions	2,018,547	1,776,776
Total Program Revenues	2,455,163	3,263,734
General Revenues		
Property Taxes	3,029,239	2,679,309
Grants and Entitlements Not Restricted to Specific Programs	5,698,894	4,590,215
Gifts and Donations Not Restricted to Specific Programs	12,086	2,180
Interest	14,234	35,933
Miscellaneous	228,052	270,989
Total General Revenues	8,982,505	7,578,626
Total Revenues	11,437,668	10,842,360
Program Expenses		
Instruction:		
Regular	4,027,752	4,531,725
Special	1,320,773	1,295,650
Vocational	141,492	152,990
Other	-	413,571
Support Services:		
Pupils	574,070	553,478
Instructional Staff	437,672	212,841
Board of Education	44,764	41,163
Administration	753,848	884,429
Fiscal	351,568	360,839
Operation and Maintenance of Plant	1,183,993	987,450
Pupil Transportation	431,980	577,036
Central	163,435	155,071
Operation of Non-Instructional Services:		
Food Services	462,329	566,372
Extracurricular Activities	314,019	258,500
Interest and Fiscal Charges	139,198	144,025
Total Expenses	10,346,893	11,135,140
Change in Net Position	1,090,775	(292,780)
Net Position, Beginning of Year	12,265,910	12,558,690
Net Position, End of Year	$ 13,356,685	$ 12,265,910

Net position increased by $1,090,775 in fiscal year 2022. Overall revenues of the School District remained consistent with the prior year. Operating Grants and Contributions increased due to the Student Wellness program. Property tax revenue increased due to an increase in the amount available as an advance.

Instruction comprises approximately 53 percent of governmental program expenses and support services make up approximately 38 percent of the program expense of the School District. Overall, program expenses of the School District decreased $788,247. The decrease in expenses is primarily due to pension and OPEB expenses.

The DeRolph III decision has not eliminated the dependence on property taxes. Property taxes made up approximately 26 percent of revenues for governmental activities for the School District in fiscal year 2022.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. In Table 3, the total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Net costs are costs that must be covered by unrestricted State aid (State Foundation) or local taxes. The difference in these two columns would represent restricted grants, fees and donations.

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2022		2021	
Program Expenses				
Instruction:				
Regular	$ 4,027,752	$ 3,736,451	$ 4,531,725	$ 3,721,673
Special	1,320,773	605,980	1,295,650	523,921
Vocational	141,492	85,969	152,990	81,586
Other	-	-	413,571	334,113
Support Services:				
Pupils	574,070	398,525	553,478	332,679
Instructional Staff	437,672	181,887	212,841	169,022
Board of Education	44,764	43,063	41,163	34,278
Administration	753,848	643,035	884,429	665,737
Fiscal	351,568	337,371	360,839	305,680
Operation and Maintenance of Plant	1,183,993	1,045,984	987,450	742,757
Pupil Transportation	431,980	416,955	577,036	457,404
Central	163,435	110,940	155,071	130,286
Operation of Non-Instructional Services	462,329	17,802	566,372	115,702
Extracurricular Activities	314,019	128,570	258,500	112,543
Interest and Fiscal Charges	139,198	139,198	144,025	144,025
Total	$ 10,346,893	$ 7,891,730	$ 11,135,140	$ 7,871,406

Table 3 clearly shows the dependence upon tax revenues and state subsidies for governmental activities. For 2022, only 21 percent of the governmental activities performed by the School District are supported through program revenues such as charges for services, grants and contributions. The remaining 79 percent is provided through taxes, entitlements and other general revenues.

The School District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of $11,474,195 and expenditures of $10,980,609. The net change in fund balance for the fiscal year was most significant in the Debt Service Fund, a decrease of $165,605. This decrease was due to debt payments exceeding the tax revenues. The General Fund net change in fund balance was a increase in the amount of $658,016. The Permanent Improvement Fund net change in fund balance was a decrease in the amount of $49,567.

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. During the course of fiscal year 2022, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures.

For the General Fund, final revenue budget estimates were $401,395 more than original budget estimates of $8,436,907, due to increases in tuition and fees and miscellaneous revenues, which were partially offset by a decrease in property taxes and intergovernmental revenues. Final budgeted expenditures were $131,887 less than original budget estimates of $8,886,734 due to increases in regular instruction, administration, fiscal and central support services.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the School District had $19,495,988 invested in its capital assets. Table 4 shows the fiscal year 2022 balances compared to 2021.

Table 4
Capital Assets
(Net of Accumulated Depreciation)

Governmental Activities

	2022	2021
Land and Land Improvements	$ 799,682	$ 905,245
Buildings and Improvements	18,204,257	18,602,793
Furniture, Fixtures, Equipment and Textbooks	224,223	166,883
Vehicles	267,826	301,878
Totals	$ 19,495,988	$ 19,976,799

See Note 9 to the basic financial statements for more detailed information related to capital assets.

Debt

At June 30, 2022 the School District had $4,088,511 in a loan, financed purchase, and bonds outstanding (excluding premium and accretion) with $313,511 due within one year. The net pension liability was $4,888,727 at June 30, 2022, while the net OPEB liability was $668,218.

The School District's overall legal debt margin was $9,227,745 with an unvoted debt margin of $132,380 at June 30, 2022. For more information on debt, 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 Lisa Tussey, Treasurer, at Fayetteville-Perry Local School District, 551 S. Apple Street, Fayetteville, Ohio 45118-0281.

Fayetteville-Perry Local School District
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets:	
Current Assets	
Equity in Pooled Cash and Cash Equivalents	$5,502,703
Cash and Cash Equivalents in Segregated Accounts	2,538
Prepaid Items	8,012
Intergovernmental Receivable	181,084
Property Taxes Receivable	2,881,964
Noncurrent Assets	
Net OPEB Asset	597,342
Non-Depreciable Capital Assets	89,380
Depreciable Capital Assets, Net	19,406,608
Total Assets	28,669,631
Deferred Outflows of Resources:	
Pensions	2,086,872
OPEB	285,942
Unamortized Deferred Amount on Refunding	203,130
Total Deferred Outflows of Resources	2,575,944
Liabilities:	
Accounts Payable	111,359
Accrued Wages and Benefits Payable	474,217
Intergovernmental Payable	137,891
Accrued Interest Payable	11,438
Long-Term Liabilities:	
Due Within One Year	377,806
Due in More Than One Year	
Net Pension Liability (See Note 11)	4,888,727
OPEB Liability (See Note 12)	668,218
Other Amounts Due in More Than One Year	4,552,542
Total Liabilities	11,222,198
Deferred Inflows of Resources:	
Pensions	3,862,798
OPEB	1,117,234
Property Taxes not Levied to Finance Current Year Operations	1,686,660
Total Deferred Inflows of Resources	6,666,692
Net Position:	
Net Investment in Capital Assets	15,211,210
Restricted for:	
Capital Outlay	761,327
Debt Service	1,383,762
Other Purposes	579,564
Unrestricted	(4,579,178)
Total Net Position	$13,356,685

See accompanying notes to the basic financial statements.

Fayetteville-Perry Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2022

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$4,027,752	$139,025	$152,276	($3,736,451)
Special	1,320,773	63,774	651,019	(605,980)
Vocational	141,492	5,103	50,420	(85,969)
Support Services:				
Pupils	574,070	29,549	145,996	(398,525)
Instructional Staff	437,672	28,156	227,629	(181,887)
Board of Education	44,764	1,701	0	(43,063)
Administration	753,848	32,320	78,493	(643,035)
Fiscal	351,568	12,627	1,570	(337,371)
Operation and Maintenance of Plant	1,183,993	40,678	97,331	(1,045,984)
Pupil Transportation	431,980	15,025	0	(416,955)
Central	163,435	8,539	43,956	(110,940)
Operation of Non-Instructional Services:				
Food Services	462,329	39,505	405,022	(17,802)
Extracurricular Activities	314,019	20,614	164,835	(128,570)
Interest and Fiscal Charges	139,198	0	0	(139,198)
Total Governmental Activities	$10,346,893	$436,616	$2,018,547	(7,891,730)

General Revenues:	
Property Taxes Levied for:	
General Purposes	2,408,391
Debt Service	236,748
Capital Outlay	349,037
Capital Maintenance	35,063
Grants and Entitlements not Restricted to Specific Programs	5,698,894
Gifts and Donations not Restricted	12,086
Interest	14,234
Miscellaneous	228,052
Total General Revenues	8,982,505
Change in Net Position	1,090,775
Net Position at Beginning of Year	12,265,910
Net Position at End of Year	$13,356,685

See accompanying notes to the basic financial statements.

Fayetteville-Perry Local School District
Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	Debt Service Fund	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	$2,949,792	$1,289,300	$625,733	$637,878	$5,502,703
Cash and Cash Equivalents in Segregated Accounts	0	0		2,538	2,538
Interfund Receivable	48,375	0	0	0	48,375
Intergovernmental Receivable	44,510	0	0	136,574	181,084
Prepaid Items	8,012	0	0	0	8,012
Property Taxes Receivable	2,283,341	227,239	334,778	36,606	2,881,964
Total Assets	$5,334,030	$1,516,539	$960,511	$813,596	$8,624,676
Liabilities:					
Accounts Payable	$18,315	$0	$0	$93,044	$111,359
Accrued Wages and Benefits Payable	436,406	0	0	37,811	474,217
Interfund Payable	0	0	0	48,375	48,375
Intergovernmental Payable	120,128	0	0	17,763	137,891
Total Liabilities	574,849	0	0	196,993	771,842
Deferred Inflows of Resources:					
Property Taxes not Levied to Finance Current Year Operations	1,331,589	132,777	199,184	23,110	1,686,660
Unavailable Revenue - Delinquent Taxes	108,212	10,176	9,158	1,773	129,319
Unavailable Revenue - Grants	0	0	0	32,736	32,736
Total Deferred Inflows of Resources	1,439,801	142,953	208,342	57,619	1,848,715
Fund Balances:					
Nonspendable	8,012	0	0	0	8,012
Restricted	0	1,373,586	752,169	594,264	2,720,019
Assigned	303,020	0	0	0	303,020
Unassigned	3,008,348	0	0	(35,280)	2,973,068
Total Fund Balances	3,319,380	1,373,586	752,169	558,984	6,004,119
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$5,334,030	$1,516,539	$960,511	$813,596	$8,624,676

See accompanying notes to the basic financial statements.

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

Total Governmental Fund Balances		$6,004,119
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.		19,495,988
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	129,319	
Intergovernmental	32,736	
		162,055
The net pension/OPEB liability (asset) is not due and payable in the current period; therefore, the liability (asset) and related deferred inflows/outflows are not reported in the funds.		
Deferred outflows of resources related to pensions and OPEB	2,372,814	
Deferred inflows of resources realted to pensions and OPEB	(4,980,032)	
Net OPEB Asset	597,342	
Net OPEB Liability	(668,218)	
Net Pension Liability	(4,888,727)	
		(7,566,821)
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(11,438)
Some liabilities and deferred outflows are not due and payable in the current period and therefore are not reported in the funds. Those liabilities and deferred outflows consist of:		
Bonds payable	(4,060,000)	
Bond premium	(314,827)	
Loans payable	(7,406)	
Unamortized deferred amount on refunding	203,130	
Financed Purchases Payable	(21,105)	
Compensated absences	(527,010)	
		(4,727,218)
Net Position of Governmental Activities		$13,356,685

See accompanying notes to the basic financial statements.

Fayetteville-Perry 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	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property Taxes	$2,408,740	$237,398	$356,119	$35,063	$3,037,320
Intergovernmental	6,064,686	31,234	46,842	1,572,247	7,715,009
Interest	13,975	0	0	259	14,234
Tuition and Fees	275,555	0	0	0	275,555
Extracurricular Activities	7,940	0	0	132,097	140,037
Gifts and Donations	12,086	0	0	30,878	42,964
Customer Sales and Services	0	0	0	21,024	21,024
Miscellaneous	196,318	0	0	31,734	228,052
Total Revenues	8,979,300	268,632	402,961	1,823,302	11,474,195
Expenditures:					
Current:					
Instruction:					
Regular	3,678,703	0	2,682	171,606	3,852,991
Special	1,102,312	0	0	285,390	1,387,702
Vocational	152,915	0	0	0	152,915
Other	0	0	0	0	0
Support Services:					
Pupils	438,224	0	0	165,502	603,726
Instructional Staff	159,872	0	0	257,855	417,727
Board of Education	45,743	0	0	0	45,743
Administration	769,047	0	0	89,412	858,459
Fiscal	361,538	7,087	10,631	1,108	380,364
Operation and Maintenance of Plant	871,780	0	121,230	110,019	1,103,029
Pupil Transportation	428,192	0	0	0	428,192
Central	130,757	0	0	50,025	180,782
Operation of Non-Instructional Services:					
Food Services	5,721	0	0	455,155	460,876
Extracurricular Activities	133,304	0	0	186,488	319,792
Capital Outlay	43,176	0	267,403	0	310,579
Debt Service:					
Principal Retirement	0	280,000	48,379	0	328,379
Interest and Fiscal Charges	0	147,150	2,203	0	149,353
Total Expenditures	8,321,284	434,237	452,528	1,772,560	10,980,609
Net Change in Fund Balances	658,016	(165,605)	(49,567)	50,742	493,586
Fund Balances at Beginning of Year	2,661,364	1,539,191	801,736	508,242	5,510,533
Fund Balances at End of Year	$3,319,380	$1,373,586	$752,169	$558,984	$6,004,119

See accompanying notes to the basic financial statements.

Fayetteville-Perry Local School District
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds		$493,586
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	310,579	
Depreciation expense	(791,390)	
Excess of depreciation expense over capital asset additions		(480,811)
Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.		
Delinquent property taxes	(8,081)	
Intergovernmental	(28,446)	
		(36,527)
Some expenses 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. The difference in the amount of interest on the Statement of Activities is the result of the following:		
Decrease in accrued interest payable	443	
Amortization of bond premium	27,376	
Amortization of deferred amount on refunding	(17,664)	
Decrease in compensated absences payable	16,849	
		27,004
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, these amounts consist of:		
Bond principal payments	280,000	
Financed purchase principal payment	40,973	
Loan payments	7,406	
Total long-term debt repayment		328,379
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		708,451
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability/net OPEB liability (asset) are reported as pension/OPEB expense in the statement of activities.		50,693
Change in Net Position of Governmental Activities		$1,090,775

See accompanying notes to the basic financial statements.

Fayetteville-Perry 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)
Total Revenues and Other Financing Sources	$8,436,907	$8,838,302	$8,842,896	$4,594
Total Expenditures and Other Financing Uses	8,886,734	8,754,847	8,754,923	(76)
Net Change in Fund Balance	(449,827)	83,455	87,973	4,518
Fund Balance at Beginning of Year	2,419,950	2,419,950	2,419,950	0
Prior Year Encumbrances Appropriated	106,421	106,421	106,421	0
Fund Balance at End of Year	$2,076,544	$2,609,826	$2,614,344	$4,518

See accompanying notes to the basic financial statements. .

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Fayetteville-Perry 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 Fayetteville-Perry Local School District was established in 1895. The School District serves an area of approximately 62 square miles. It is located in Brown County and includes the Village of Fayetteville and Perry Township. The School District is staffed by 43 non-certificated employees and 62 certificated personnel employees who provide services to 799 students and other community members. The School District currently operates two instructional buildings.

Reporting Entity:

The reporting entity is composed 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 Fayetteville-Perry Local School District, this includes general operations, food service, and student related activities of the School District.

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

The School District participates in five organizations, three of which are defined as jointly governed organizations, one as a public entity shared risk and insurance purchasing pool, and one as an insurance purchasing pool. These organizations are the Hamilton Clermont Cooperative Information Technology Center (HCC), the Southern Hills Joint Vocational School District, the Unified Purchasing Cooperative of the Ohio River Valley, the Brown County Schools Benefits Consortium, and the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan. These organizations are presented in notes 16, 17, and 18 of the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government. The government-wide statements usually distinguish between those activities that are governmental and those that are considered business-type. The School District, however, 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 rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District fall within one category which is governmental.

Governmental Funds

Governmental funds are those through which most governmental functions of the School District typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities plus 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 not accounted for and reported 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 the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs. The major source of revenue for this fund is property taxes.

Permanent Improvement Fund - The Permanent Improvement Fund is used to account for financial resources to be used for the acquisition, construction, or improvement of major capital facilities within the School District. The major source of revenue for this fund is property taxes.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

C. Measurement Focus

Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, liabilities and deferred inflows/outflows 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, current liabilities and deferred inflows/outflows 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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements 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 unavailable revenue, the presentation of expenses versus expenditures, the recording of deferred outflows of resources related to unamortized deferred amounts on refunding, the recording of deferred inflows and outflows of resources related to net pension and net OPEB liabilities (assets), and the recording of net pension and net OPEB liabilities (assets).

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and Deferred Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The School District recorded a deferred outflow of resources for the unamortized portion of the deferred amount on refunding of bonds, pensions, and other postemployment benefits. The deferred outflows of resources related to the pension and other postemployment benefits are explained in Notes 11 and 12. The School District also reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the School District these amounts consist of taxes and grants which are not collected in the available period, pensions, and other postemployment benefits. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet is partially due to delinquent property taxes and grants not received during the available period. These were reported as revenues on the Statement of Activities and not recorded as deferred inflows on the Statement of Net Position. Deferred inflows of resources related to pension and other postemployment benefits are only reported on the Statement of Net Position. (See Notes 11 and 12)

Expenses/Expenditures:

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

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

E. Cash and Cash Equivalents

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

During fiscal year 2022, investments were limited to STAROhio. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents (Continued)

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

For 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 is appreciated for deposits and withdrawals of $25 million or more. STAROhio reserves the right to limit the transaction to $100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

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 $13,975 and $259 in Other Governmental Funds.

For presentation on the financial statements, 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 considered to be cash equivalents.

F. Capital Assets

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets usually 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 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 $2,500. 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, 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	5 years
Buildings and Improvements	20 - 40 years
Furniture, Fixtures and Equipment	8 - 10 years
Vehicles	10 years

G. Bond Premiums/Issuance Costs/ Gain or Loss on Advance Refunding

In the government-wide financial statements, 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 of the face amount of the bonds payable whereas bond issuance costs are expensed in the year incurred.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Bond Premiums/Issuance Costs/ Gain or Loss on Advance Refunding (Continued)

On the governmental fund financial statements, bond premiums and issuance costs are recognized in the current period.

In the government-wide financial statements, an advance refunding resulting in the defeasance of debt generates an accounting gain or loss calculated by comparing the reacquisition price and the net carrying amount of the old debt. This accounting gain/loss is amortized as interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred inflow/outflow of resources on the Statement of Net Position.

H. 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 vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified and certified employees after 14 years of current service with the School District.

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

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

I. 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, claims and judgments and special termination payments that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current fiscal year and will be paid with available financial resources. Bonds that will be paid from governmental funds are recognized as an expenditure on the governmental fund financial statements when due.

J. Net Position

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Net Position (Continued)

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

Of the School District's $2,724,653 in restricted net position, none is restricted by enabling legislation.

K. Interfund Transactions and Balances

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

Activity between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year, are referred to as either "due to/from other funds" or as "interfund receivable/payable." All unpaid reimbursements between funds are reported as "due to/from other funds." These amounts are eliminated in the governmental activities column of the statement of net position.

L. 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.

M. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, 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 budgetary control has been established by the Board of Education at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the 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 final budgeted amounts reflect the amounts in the amended certificate that was 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 in the budgetary statements 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School 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 are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the 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. In the General Fund, assigned amounts represent intended uses established by the Board of Education or a School District official delegated that authority by resolution or by State Statute.

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

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

O. Pensions and Other Post Employment Benefits (OPEB)

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

P. 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 purchase and an expenditure/expense is recorded in the year in which services are consumed.

NOTE 3 - 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	Debt Service	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable					
Prepaid Items	$8,012	$0	$0	$0	$8,012
Restricted for					
Other Purposes	0	0	0	451,001	451,001
Classroom Facilities Maintenance	0	0	0	143,263	143,263
Debt Services Payments	0	1,373,586	0	0	1,373,586
Capital Improvements	0	0	752,169	0	752,169
Total Restricted	0	1,373,586	752,169	594,264	2,720,019
Assigned to					
Other Purposes	303,020	0	0	0	303,020
Unassigned (Deficit)	3,008,348	0	0	(35,280)	2,973,068
Total Fund Balances	$3,319,380	$1,373,586	$752,169	$558,984	$6,004,119

NOTE 4 - ACCOUNTABILITY

At June 30, 2022, the Title VI-B, ESSER Grant, Pre-school Restoration and Title I Funds had deficit fund balances in the amounts of $4,088, $27,775, $2,856 and $25,791, respectively. The deficit in these funds was created by the recognition of accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances 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 and Actual (Budget Basis) is presented for the General Fund 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. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (Continued)

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

Net Change in Fund Balance

	General
GAAP Basis	$658,016
Adjustments:	
Revenue Accruals	(78,013)
Expenditure Accruals	(198,346)
Perspective Difference:	
Activity of Funds Reclassed for	
GAAP Reporting Purposes	(21,392)
Encumbrances	(272,292)
Budget Basis	$87,973

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

7. The State Treasurer's investment pool (STAR Ohio);

8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, $677,360 of the School District's bank balance of $927,360 was exposed to custodial credit risk because those deposits were uninsured and collateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

The School District does not have a deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

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

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2022, the School District had the following investment, which is in an internal investment pool:

	Fair Value	Weighted Average Maturity (Years)
STAR Ohio	$ 4,611,584	< 1 year
Total Investment	$ 4,611,584	

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

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 table identifies the School District's recurring fair value measurements as of June 30, 2022. As discussed further in Note 2E, STAR Ohio is reported at its share price.

Interest Rate Risk

The School District has no investment policy that addresses interest rate risk beyond the requirements of State statute. State statute requires that an investment mature within five years from 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

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Investments in STAROhio were rated AAAm by Standard & Poor's. The School District has no investment policy that addresses credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District invests only in investments that are allowable per the Ohio Revised Code. The School District has invested 100 percent in STAROhio. The School District has no investment policy.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District's securities are either insured and registered in the name of the School District or at least registered in the name of the School District.

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, 2021, were levied after April 1, 2022, 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.

NOTE 7 - PROPERTY TAXES (Continued)

The School District receives property taxes from Brown County. The Brown County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 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 which were 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 reflected 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.

The amount available as an advance at June 30, 2022, was $1,066,459 and is recognized as revenue: $843,540 in the General Fund, $84,286 in the Bond Retirement Debt Service Fund, $126,436 in the Permanent Improvement Fund, and $12,197 in the Other Governmental Funds.

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

	2021 First-Half Collections		2022 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$ 112,915,840	85.30%	$127,975,440	96.67%
Public Utility	3,951,970	3.38%	4,404,100	3.33%
Total Assessed Value	$ 116,867,810	88.68%	$132,379,540	100.00%
Tax rate per $1,000 of assessed valuation	$ 35.10		$ 27.60	

NOTE 8 - RECEIVABLES

Receivables at June 30, 2022, consisted of intergovernmental grants, interfund, and property taxes. 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. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Total
General Fund	$ 44,510
Non-Major Funds:	
Title I Fund	25,791
Food Service	1,761
ESSER	75,123
Drug Free Grant	2,545
Title VI-B Fund	28,497
Preschool Restoration	2,857
Total Non-Major Funds	136,574
Total Intergovernmental Receivable	$ 181,084

NOTE 9 - CAPITAL ASSETS

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

Governmental Activities	Balance at 6/30/2021	Additions	Deletions	Balance at 6/30/2022
Capital Assets, Not Being Depreciated				
Land	$ 89,380	$ -	$ -	$ 89,380
Total Capital Assets, Not Being Depreciated	89,380	-	-	89,380
Capital Assets, Being Depreciated				
Land Improvements	2,485,131	-	-	2,485,131
Buildings and Building Improvements	26,868,474	164,706	-	27,033,180
Furniture, Fixtures, Equipment and Textbooks	1,524,017	145,873	-	1,669,890
Vehicles	1,205,474	-	-	1,205,474
Total Capital Assets, Being Depreciated	32,083,096	310,579	-	32,393,675
Accumulated Depreciation				
Land Improvements	(1,669,266)	(105,563)	-	(1,774,829)
Buildings and Building Improvements	(8,265,681)	(563,242)	-	(8,828,923)
Furniture, Fixtures, Equipment and Textbooks	(1,357,134)	(88,533)	-	(1,445,667)
Vehicles	(903,596)	(34,052)	-	(937,648)
Total Accumulated Depreciation	(12,195,677)	(791,390)	-	(12,987,067)
Total Capital Assets Being Depreciated, Net	19,887,419	(480,811)	-	19,406,608
Governmental Activities Capital Assets, Net	$19,976,799	$ (480,811)	$ -	$19,495,988

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$569,294
Special	1,238
Vocational	2,933
Support Services:	
Instructional Staff	21,922
Administration	11,641
Operation and Maintenance of Plant	124,879
Pupil Transportation	35,432
Operation of Non-Instructional Services	19,189
Extracurricular Activities	4,862
Total	$791,390

NOTE 10 - RISK MANAGEMENT

A. Property and Liability Insurance

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 Ohio School Plan for general liability insurance with a $1,000,000 single occurrence limit and a $5,000,000 aggregate. Property is protected by the Ohio School Plan and holds no deductible.

The School District's vehicles are covered by the Ohio School Plan under a business policy and hold a $1,000 deductible for comprehensive and collision, with a $2,000,000 limit on any accident.

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

B. Workers' Compensation

For fiscal year 2022, the School District participated in the Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). 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 participants is calculated as one experience and a common premium rate is applied to all participants 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 participants that can meet the GRP's selection criteria. The firm of CompManagement managed provides administrative, cost control, and actuarial services to the GRP.

C. Employee Medical and Dental Benefits

The School District participates in the Brown County Schools Benefits Consortium (the Consortium), a public entity shared risk and insurance purchasing pool (Note 17) consisting of nine districts. The Consortium has elected to have United Healthcare provide medical coverage purchased as a group through the Consortium. Dental coverage is being provided through a shared risk pool based on member districts' number of employees. The School District is responsible for providing a current listing of enrolled employees and for providing timely pro-rata payments of premiums to the Consortium for employee health coverage and dental benefits. The Consortium is responsible for the management and operations of the program. Upon termination from the Consortium, for any reason, the terminated member relinquishes their portion of equity in the Consortium's cash pool.

NOTE 11- DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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 and OPEB are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions and 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 and OPEB are a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB Statements No. 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 long-term net pension/OPEB liability (asset) 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 non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

NOTE 11- DEFINED BENEFIT PENSION PLANS (Continued)

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

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 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 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, 14.0% was designated to pension, death benefits, and Medicare B. There was no amount allocated to the Health Care Fund for fiscal year 2022.

The District's contractually required contribution to SERS was $178,826 for fiscal year 2022. Of this amount $8,474 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

NOTE 11- DEFINED BENEFIT PENSION PLANS (Continued)

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

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. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until Aug. 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. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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 Ohio 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 Ohio 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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least 10 years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14% and the statutory member rate is 14% of covered payroll. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2022 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS Ohio was $514,012 for fiscal year 2022. Of this amount $82,864 is reported as an intergovernmental payable.

NOTE 11- DEFINED BENEFIT PENSION PLANS (Continued)

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

The net pension liability reported as of June 30, 2022 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 District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability - Current Year	0.0343203%	0.028331266%	
Proportionate Share of the Net Pension Liability - Prior Year	0.0318342%	0.028085800%	
Change in Proportionate Share	0.0024861%	0.000245466%	
Proportion of the Net Pension Liability	$1,266,320	$3,622,407	$4,888,727
Pension Expense (Gain)	($4,785)	$2,704	($2,081)

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

Deferred Outflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$122	$111,915	$112,037
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	86,468	171,005	257,473
Changes of assumptions	26,665	1,004,921	1,031,586
School District contributions subsequent to the measurement date	168,336	517,440	685,776
Total	$281,591	$1,805,281	$2,086,872

Deferred Inflows of Resources	**SERS**	**STRS**	**Total**
Differences between expected and actual economic experience	$32,841	$22,705	$55,546
Differences between projected and actual investment earnings	652,191	3,121,822	3,774,013
Changes of assumptions			
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	7,830	25,409	33,239
Total	$692,862	$3,169,936	$3,862,798

$685,776 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 year ending June 30, 2023.

NOTE 11- DEFINED BENEFIT PENSION PLANS (Continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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	($114,032)	($421,555)	($535,587)
2024	(110,323)	(388,599)	(498,922)
2025	(155,068)	(464,512)	(619,580)
2026	(200,184)	(607,429)	(807,613)
Total	($579,607)	($1,882,095)	($2,461,702)

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, 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)

NOTE 11- DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions - SERS (Continued)

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 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 the 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 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.

NOTE 11- DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions - SERS (Continued)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	$2,106,845	$1,266,320	$557,468

Assumptions and Benefit Changes Since the Prior Measurement Date – There were no changes in assumptions or benefits since the prior measurement date.

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

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

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

NOTE 11- DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – STRS (Continued)

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%, but does not include investment expenses. Over a 30-year period, STRS Ohio's 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% as of June 30, 2021. 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 the rates described previously. 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 Ohio'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 pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 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%)
District's proportionate share of the net pension liability	$6,783,413	$3,622,407	$951,364

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, none of the District's members of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

NOTE 12 – POSTEMPLOYMENT BENEFITS

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

School Employees Retirement System

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. 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 of covered payroll 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 District's surcharge obligation was $22,675.

The surcharge added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. No portion of covered payroll was allocated to the Health Care Fund in 2022. The District's contractually required contribution to SERS was $22,675 for fiscal year 2022.

State Teachers Retirement System of Ohio

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)

State Teachers Retirement System of Ohio (Continued)

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All health care plan enrollees 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.

Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset)

The net OPEB (asset) liability was measured as of June 30, 2021, and the total OPEB (asset) liability used to calculate the net OPEB (asset) liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB (asset) liability was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense (gain):

	SERS	STRS	Total
Proportionate Share of the Net OPEB (Asset) Liability - Current Year	0.0353072%	0.028331266%	
Proportionate Share of the Net OPEB (Asset) Liability - Prior Year	0.0329981%	0.028085800%	
Change in Proportionate Share	0.0023091%	0.000245466%	
Proportion of the Net OPEB Liability	$668,218	$0	$668,218
Proportion of the Net OPEB (Asset)	$0	($597,342)	($597,342)
OPEB Expense (Gain)	($2,620)	($45,992)	($48,612)

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

NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)

Net Other Post Employment Benefit (OPEB) Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB Liability (Asset) (Continued)

Deferred Outflows of Resources	SERS	STRS	Total
Differences between expected and actual economic experience	$7,123	$21,269	$28,392
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	70,040	21,851	91,891
Changes of assumptions	104,828	38,156	142,984
School District contributions subsequent to the measurement date	22,675	-	22,675
Total	$204,666	$81,276	$285,942

Deferred Inflows of Resources	SERS	STRS	Total
Differences between expected and actual economic experience	$332,802	$109,444	$442,246
Differences between projected and actual investment earnings	14,517	165,573	180,090
Changes of assumptions	91,507	356,358	447,865
Difference from a change in proportion and differences between School District contributions and proportionate share of contributions	17,408	29,625	47,033
Total	$456,234	$661,000	$1,117,234

$22,675 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 (adjustment to net OPEB asset) 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	($62,571)	($167,428)	($229,999)
2024	(62,672)	(163,287)	(225,959)
2025	(66,538)	(153,028)	(219,566)
2026	(55,422)	(72,982)	(128,404)
2027	(22,424)	(23,566)	(45,990)
Thereafter	(4,616)	567	(4,049)
Total	($274,243)	($579,724)	($853,967)

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.

NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions – SERS (Continued)

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation 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
Muncipal 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.

NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions – SERS (Continued)

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 target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

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 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 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%).

NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions – SERS (Continued)

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
District's proportionate share of the net OPEB liability	$828,003	$668,218	$540,570

The following table presents the OPEB liability of SERS, what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate (7.00% decreasing to 4.75%).

	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
District's proportionate share of the net OPEB liability	$514,473	$668,218	$873,574

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

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

NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions – STRS (Continued)

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.

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

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%, but does not include investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

Sensitivity of the District's Proportionate Share of the Net OPEB (Asset) Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The following table represents the net OPEB liability (asset) as of June 30, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net OEPB (asset) liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB (asset) liability 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.

NOTE 12 – POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions – STRS (Continued)

	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
District's proportionate share of the net OPEB (asset) liability	($504,064)	($597,342)	($675,261)

	1% Decrease in Trend Rates	Current Trend Rate	1% Increase in Trend Rates
District's proportionate share of the net OPEB (asset) liability	($672,104)	($597,342)	($504,891)

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

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified and administrative employees earn 10 to 25 days of vacation per fiscal year, depending upon length of service. Teachers do not earn vacation time. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 216 days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days for teachers, administrators, and classified employees. will be compensated for one-half of the accrued, but unused sick leave credit to a maximum of 103 days.

B. Health Care Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through MetLife Insurance. Vision insurance is provided by the School District to all employees through Vision Service Plan.

NOTE 14 - LONG-TERM OBLIGATIONS

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

	Amount Outstanding 6/30/21	Additions	Deductions	Amount Outstanding 6/30/22	Due in One Year
School Improvement Refunding					
Bonds 2014 1.00 - 4.00%	$ 4,340,000	$ -	$ (280,000)	$ 4,060,000	$ 285,000
Premium on Refunding	342,203	-	(27,376)	314,827	-
Loan for Land Purchase	14,812	-	(7,406)	7,406	7,406
Total Long-Term Bonds and Loans	4,697,015	-	(314,782)	4,382,233	292,406
Net Pension Liability:					
STRS	6,795,764	-	(3,173,357)	3,622,407	-
SERS	2,105,581	-	(839,261)	1,266,320	-
Total Net Pension Liablity	8,901,345	-	(4,012,618)	4,888,727	-
Net OPEB Liability:					
STRS	-	-	-	- (a)	-
SERS	717,157	-	(48,939)	668,218	-
Total Net OPEB Liablity	717,157	-	(48,939)	668,218	-
Financed Purchase	62,078	-	(40,973)	21,105	21,105
Compensated Absences	543,859	584,832	(601,681)	527,010	64,295
Total General Long-Term Obligations	$14,921,454	$ 584,832	$(5,018,993)	$10,487,293	$377,806

(a) OPEB for STRS has a Net OPEB asset in the amount of $597,342 as of June 30, 2022.

School Improvement Refunding Bonds 2014

The School District issued $5,194,997 in general obligation bonds, advance refunding $5,195,000 of the School Improvement Refunding Bonds, Series 2006. The bonds were issued for a 19 year period with final maturity on December 1, 2033. The bonds are being retired with property taxes from the Debt Service Fund.

The advance refunding of the 2006 School Improvement Bonds resulted in a difference of $335,610 between the net carrying amount of the debt and the acquisition price. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized to interest expense over the life of the bonds using the straight-line method.

The School District defeased $5,195,000 of the 2006 School Improvement Bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments due on the old bonds. Accordingly, the trust assets and the liability of the defeased bonds were not included in the School District's financial statements and have been paid in full.

The 2014 bonds are broken out as follows. $4,495,000 are current interest (serial) bonds to be redeemed over a period through December 1, 2033. $690,000 are current interest (term) bonds to be redeemed on December 1, 2029. $9,997 are capital appreciation bonds of which $4,027 matured on December 1, 2016 and the other $5,970 matured December 1, 2017. These bonds have an equivalent interest rate of 178.10540% and one matured at full value of $50,000 on December 1, 2016 and the other matured at full value of $265,000 on December 1, 2017.

The current interest (term) bonds maturing on December 1, 2029, are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption, on December 1, in the years and in the respective principal amounts as follows:

NOTE 14 - LONG-TERM OBLIGATIONS (Continued)

Fiscal Year	Amount
2029	$340,000
2030	350,000
Total	$690,000

On September 9, 2013, the District entered into a real estate purchase agreement with David and Sandra Brinkman for the purpose of acquiring 10.58 acres of land. The loan totaled $74,060 and is to be paid over ten years in installments of $7,406 maturing in fiscal year 2023. The loan will be paid from the permanent improvement fund. This land was purchased for the purpose of generating power provided by Solar Advocate Development-31, LLC from solar panels placed on the land. The solar panels used will remain owned by Solar Advocate Development-31, LLC; however, the power generated will be used and charged to the District for a discounted rate.

Principal and interest requirements to retire the school improvement refunding bonds outstanding and the land purchase loan at June 30, 2022 are as follows:

	School Improvement Refunding Bonds 2014		Land Purchase Loan	
Fiscal Year Ending June 30,	Principal	Interest	Principal	Total
2023	$ 285,000	$ 140,788	$ 7,406	$ 433,194
2024	290,000	132,875	-	422,875
2025	300,000	124,025	-	424,025
2026	310,000	114,875	-	424,875
2027	315,000	105,500	-	420,500
2028-2032	1,755,000	340,688	-	2,095,688
2033-2034	805,000	32,500	-	837,500
Total	$ 4,060,000	$ 991,251	$ 7,406	$ 5,058,657

Compensated absences will be paid from the General Fund.

During 2020, the District entered into a financed purchase agreement for a school bus. The term is 3 years. The annual rate for the agreement is 3.75%. During 2021, the District entered into a financed purchase agreement for a school bus. The term is 3 years. The annual rate for the agreement is 3.45%. See Note 24 for additional information regarding both of these financed purchases.

The District's overall legal debt margin was $9,227,745 with an unvoted debt margin of $132,380 at June 30, 2022.

NOTE 15 - INTERFUND ACTIVITY

Interfund Balances

Interfund balances at June 30, 2022, consist of the following individual fund receivables and payables:

	Interfund Receivable	Interfund Payable
Major Fund:		
General	$48,375	$0
Non-major Funds:		
ESSER	0	12,118
Title VI-B	0	12,823
Title IV	0	2,545
Early Childhood Services	0	2,856
Title I	0	18,033
Total	$48,375	$48,375

The interfund receivables in the General fund are the result of the School District moving unrestricted monies to a grant fund which operates on a reimbursement basis. The General fund will be reimbursed when funds become available in the non-major special revenue fund.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS

A. Hamilton Clermont Cooperative Information Technology Center

The Hamilton Clermont Cooperative Information Technology Center (HCC) is a jointly governed organization among a two-county consortium of school districts. HCC is an association of public districts in a geographic area determined by the Ohio Department of Education. 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 executive committee is the managerial body responsible for directing and supervising the daily operation of HCC. The executive committee is composed of up to 12 members; two superintendents from each county, the superintendent from each county educational service center (ESC), one treasurer from each county, and the treasurer from each county ESC serving as on-voting ex officio members. To obtain financial information, write to HCC at 1007 Cottonwood Drive, Loveland, Ohio 45140.

B. Southern Hills Joint Vocational School District

The Southern Hills Joint Vocational School District is a distinct political subdivision of the State of Ohio, operated under the direction of a seven-member Board of Education. The Board of Education is not directly elected. It is comprised of members of other elected boards who, by charter, also serve as board members of the Southern Hills Joint Vocational School District. A board member is appointed by each local Board of Education within the Southern Hills Joint Vocational School District, including Fayetteville-Perry Local School District. To obtain financial information, write to the Southern Hills Joint Vocational School District, Kari Barnes, who serves as Treasurer, at 9193 Hamer Road, Georgetown, Ohio 45121.

NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. Unified Purchasing Cooperative of the Ohio River Valley

The Unified Purchasing Cooperative of the Ohio River Valley (UPC) is a purchasing cooperative made up of public school districts, joint vocational school districts, and educational service centers in Brown, Butler, Clermont, Hamilton, and Warren Counties in Ohio, as well as districts in Kentucky and Indiana. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the UPC.

The Board of Directors is elected from among the active members and consists of one representative each from Brown, Butler, Clermont and Hamilton Counties, as well as one representative from Kentucky, one from Indiana, and one at-large representative from a public school district with an enrollment greater than 5,000 students. In addition, the superintendents of the Hamilton County Educational Service Center and the Clermont County Educational Service Center also serve on the Board of Directors. The Hamilton County Educational Service Center serves as fiscal agent.

Financial information can be obtained from Megan Jackson, Treasurer, Hamilton County Educational Service Center, at 11083 Hamilton Avenue, Cincinnati, Ohio, 45231.

NOTE 17 - PUBLIC ENTITY SHARED RISK AND INSURANCE PURCHASING POOL

Brown County Schools Benefits Consortium

The Brown County Schools Benefits Consortium, a public entity shared risk and insurance purchasing pool, currently operates to provide medical insurance (insurance purchasing pool) and dental coverage (public entity shared risk pool) to enrolled employees of the consortium members and to eligible dependents of those enrolled employees. Six Brown County school districts (Eastern, Fayetteville–Perry, Georgetown, Ripley Union Lewis Huntington, Southern Hills Joint Vocational, and Western Brown Schools) and two Highland County school districts (Bright Local and Lynchburg–Clay Local School District) along with the Brown County Educational Service Center have entered into an agreement to form the Brown County Schools Benefits Consortium. The Consortium is governed by a nine member board consisting of the superintendents of each participating school district along with the superintendent of the Brown County Educational Service Center. The overall objectives of the consortium are to formulate and administer a program of medical and dental insurance for the benefit of the consortium members' employees and their dependents. The consortium contracts with United Healthcare to provide medical insurance directly to consortium member employees. The Educational Service Center pays premiums to the consortium based on employee membership.

For dental coverage the consortium acts as a public entity shared risk pool. Each member district pays dental premiums based on the consortium estimates of future claims. If the member district's dental claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the member district's claims are low, it will not receive a refund. Dental coverage is administered through a third party administrator, Dental Care Plus. Participating member districts pay an administrative fee to the fiscal agent to cover the costs associated with the administering of the Consortium. To obtain financial information write to the Brown County Educational Service Center at 9231 Hamer Rd., Georgetown, Ohio 45121.

NOTE 18 - INSURANCE PURCHASING POOL

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio Association of School Business Officials Workers' Compensation Group Rating Plan (GRP) was established through the Ohio Association of School Business Officials (OASBO) as a group insurance purchasing pool.

The GRP's business and affairs are conducted by a five member Board of Directors. Each fiscal year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 19 - SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by 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 describes the change in the fiscal year-end set-aside amount for capital acquisitions. Disclosure of this information is required by State statute.

	Capital Maintenance
Set Aside Reserve Balance as of June 30, 2021	$0
Current Year Set-aside Requirement	145,018
Current Year Offsets	(145,018)
Total	$0
Balance Carried Forward to Fiscal Year 2023	$0
Set Aside Reserve Balance as of June 30, 2022	$0

The School District had offsets and qualifying disbursements during the fiscal year that reduced the capital acquisitions set-aside amount below zero. The extra amount for capital acquisitions may not be used to reduce the set-aside requirement of future fiscal years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

NOTE 20 - CONTINGENCIES

A. Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2022, if applicable, cannot be determined at this time.

B. Litigation

The School District is not party to any legal proceedings.

C. 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, an ODE adjustment for fiscal year 2022 was finalized and determined to not be significant, therefore the adjustment was not recorded in the accompanying financial statements. Additional ODE adjustments for fiscal year 2022 have not been finalized. As a result, the impact of future FTE adjustments on the fiscal year 2022 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to or liability of, the School District.

NOTE 21 –COMMITMENTS

Encumbrances

At June 30, 2022, the School District had significant encumbrance commitments in the following governmental funds:

Fund	Amount
Major Fund:	
General	$303,020
Non-Major Fund:	
ESSER	478,612
Miscellaneous State Grants	184,097
Total Non-Major Funds	662,709
Total Encumbrances	$965,729

NOTE 22 - NEW ACCOUNTING PRINCIPLES

For fiscal year 2022, the School District has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance 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. The School District implanted these changes; however, the implementation did not have any impact on beginning net position of the School District.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the

economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the School District.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the School District.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the School District.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not

NOTE 22 - NEW ACCOUNTING PRINCIPLES (continued)

have an effect on the financial statements of the School District.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the School District.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the School District.

NOTE 23 - OTHER MATTERS OF POTENTIAL SIGNIFICANCE

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 emergency measures may impact subsequent periods of the School District. The impact on the School District’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 24 – FINANCED PURCHASE OBLIGATION

During the prior fiscal year, the School District entered into a financed purchase for the purpose of acquiring a bus. The financed purchase will be paid from the Permanent Improvement Fund. The annual payments for the financed purchase obligations outstanding as of June 30, 2022, are as follows:

Year Ending June 30	Total	Principal	Interest
2023	21,833	21,105	728

Fayetteville-Perry 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 Years (1)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.0343203%	0.0318342%	0.0322781%	0.0338345%	0.0319724%	0.0340872%	0.0354184%	0.0363170%	0.0363170%
School District's proportionate share of the net pension liability	$ 1,266,320	$ 2,105,581	$ 1,931,255	$ 1,937,764	$ 1,910,280	$ 2,494,869	$ 2,021,008	$ 1,837,983	$ 2,159,655
School District's covered payroll	$ 1,184,650	$ 1,116,036	$ 1,107,341	$ 1,088,896	$ 1,071,950	$ 1,058,621	$ 1,066,244	$ 1,109,733	$ 1,503,626
School District's proportionate share of the net pension liability as a percentage of its covered payroll	106.89%	188.67%	174.40%	177.96%	178.21%	235.67%	189.54%	165.62%	143.63%
Plan fiduciary net position as a percentage of the total pension liability	82.86%	68.55%	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.
Amounts presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to required supplementary information.

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
School District's proportion of the net pension liability	0.028331266%	0.02808580%	0.02837792%	0.02944486%	0.02822545%	0.02923305%	0.03131352%	0.03077889%	0.03077889%
School District's proportionate share of the net pension liability	$ 3,622,407	$ 6,795,764	$ 6,275,606	$ 6,474,264	$ 6,705,016	$ 9,785,183	$ 8,654,141	$ 7,486,491	$ 8,917,859
School District's covered payroll	$ 3,495,893	$ 3,389,514	$ 3,331,679	$ 3,103,043	$ 3,075,879	$ 3,267,043	$ 3,144,846	$ 3,282,254	$ 3,173,485
School District's proportionate share of the net pension liability as a percentage of its covered payroll	103.62%	200.49%	188.36%	208.64%	217.99%	299.51%	275.18%	228.09%	281.01%
Plan fiduciary net position as a percentage of the total pension liability	87.78%	75.48%	77.40%	77.31%	75.29%	66.78%	72.09%	74.71%	69.30%

(1) Information prior to 2014 is not available.
Amounts presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to required supplementary information.

Fayetteville-Perry Local School District
Required Supplementary Information
Schedule of School District Pension Contributions
School Employees Retirement System of Ohio
Last Ten Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 178,826	$ 165,851	$ 156,245	$ 149,491	$ 147,001	$ 150,073	$ 148,207	$ 140,531	$ 146,263	$ 208,106
Contributions in relation to the contractually required contribution	(178,826)	(165,851)	(156,245)	(149,491)	(147,001)	(150,073)	(148,207)	(140,531)	(146,263)	(208,106)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's covered payroll	$ 1,277,329	$ 1,184,650	$ 1,116,036	$ 1,107,341	$ 1,088,896	$ 1,071,950	$ 1,058,621	$ 1,066,244	$ 1,109,733	$ 1,503,626
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%

See accompanying notes to required supplementary information.

Fayetteville-Perry Local School District
Required Supplementary Information
Schedule of School District Pension Contributions
State Teachers Retirement System of Ohio
Last Ten Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 514,012	$ 489,425	$ 474,532	$ 466,435	$ 468,634	$ 434,426	$ 430,623	$ 457,386	$ 408,830	$ 426,693
Contributions in relation to the contractually required contribution	(514,012)	(489,425)	(474,532)	(466,435)	(468,634)	(434,426)	(430,623)	(457,386)	(408,830)	(426,693)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District covered payroll	$ 3,671,514	$ 3,495,893	$ 3,389,514	$ 3,331,679	$ 3,103,043	$ 3,075,879	$ 3,267,043	$ 3,144,846	$ 3,282,254	$ 3,173,485
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	15.10%	14.10%	13.20%	14.50%	12.50%	13.40%

See accompanying notes to required supplementary information.

Fayetteville-Perry 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 Years (1)

	2022	2021	2020	2019	2018	2017
School District's proportion of the net OPEB liability	0.03530720%	0.03299810%	0.03298580%	0.03413740%	0.03240520%	0.03452670%
School District's proportionate share of the net OPEB liability	$ 668,218	$ 717,157	$ 829,523	$ 947,064	$ 869,670	$ 984,139
School District's covered payroll	$ 1,184,650	$ 1,116,036	$ 1,107,341	$ 1,088,896	$ 1,071,950	$ 1,058,621
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	56.41%	64.26%	74.91%	86.97%	81.13%	92.96%
Plan fiduciary net position as a percentage of the total OPEB liability	24.08%	18.17%	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available.
Amounts presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to required supplementary information.

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

	2021	2021	2020	2019	2018	2017
School District's proportion of the net OPEB liability (asset)	0.028331266%	0.02808580%	0.02837792%	0.02944486%	0.02822545%	0.02923305%
School District's proportionate share of the net OPEB liability (asset)	$ (597,342)	$ (493,607)	$ (470,006)	$ (473,149)	$ 1,101,253	$ 1,563,391
School District's covered payroll	$ 3,495,893	$ 3,389,514	$ 3,331,679	$ 3,103,043	$ 3,075,879	$ 3,267,043
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-17.09%	-14.56%	-14.11%	-15.25%	35.80%	47.85%
Plan fiduciary net position as a percentage of the total OPEB liability	174.73%	182.13%	174.74%	176.00%	47.11%	37.33%

(1) Information prior to 2017 is not available.
Amounts presented as of the School District's measurement date which is the prior fiscal year.

See accompanying notes to required supplementary information.

Fayetteville-Perry Local School District
Required Supplementary Information
Schedule of School District Contributions for OPEB
School Employees Retirement System of Ohio
Last Seven Years (1)

	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 22,675	$ 22,305	$ 21,028	$ 25,232	$ 23,051	$ 17,479	$ 17,398
Contributions in relation to the contractually required contribution	(22,675)	(22,305)	(21,028)	(25,232)	(23,051)	(17,479)	(17,398)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District's covered payroll	$ 1,277,329	$ 1,184,650	$ 1,116,036	$ 1,107,341	$ 1,088,896	$ 1,071,950	$ 1,058,621
Contributions as a percentage of covered payroll	1.78%	1.88%	1.88%	2.28%	2.12%	1.63%	1.64%

(1) Information prior to 2016 is not available.

See accompanying notes to required supplementary information.

Fayetteville-Perry Local School District
Required Supplementary Information
Schedule of School District Contributions for OPEB
State Teachers Retirement System of Ohio
Last Seven Years (1)

	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
School District covered payroll	$ 3,671,514	$ 3,495,893	$ 3,389,514	$ 3,331,679	$ 3,103,043	$ 3,075,879	$ 3,267,043
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Information prior to 2016 is not available.

See accompanying notes to required supplementary information.

Pension

School Employees Retirement System (SERS)

Changes in benefit terms

2020-2022: There were no changes in benefit terms from the amounts reported for this fiscal year.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changed in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in assumptions

2022: The assumed rate of inflation was reduced from 3.00% to 2.40%, the assumed real wage growth was increased from 0.50% to 0.85%, the cost-of-living adjustments were reduced from 2.50% to 2.00%, the discount rate was reduced from 7.50% to 7.00%, the rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and mortality among active members, service retirees and beneficiaries and disabled members were updated.

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
(2) Payroll growth assumption was reduced from 4.00% to 3.50%,
(3) Assumed real wage growth was reduced from 0.75% to 0.50%,
(4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
(5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
(6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
(7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
(8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

State Teachers Retirement System (STRS)

Changes in benefit terms

2019-2022: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Pension (continued)

School Employees Retirement System (SERS) (continued)

Changes in assumptions

2019-2022: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

(1) The long term expected rate of return was reduced from 7.75% to 7.45%,
(2) The inflation assumption was lowered from 2.75% to 2.50%,
(3) The payroll growth assumption was lowered to 3.00%,
(4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
(5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
(6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

OPEB

School Employees Retirement System (SERS)

Changes in benefit terms

2017-2022: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in assumptions

2022 Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) The discount rate was changed from 2.63% to 2.27%
(2) Municipal Bond Index Rate:
    Prior Measurement Date 2.45%
    Measurement Date 1.92%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
    Prior Measurement Date 2.63%
    Measurement Date 2.27%

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) The discount rate was changed from 3.22% to 2.63%
(2) Municipal Bond Index Rate:
    Prior Measurement Date 3.13%
    Measurement Date 2.45%

2020: The discount rate was changed from 3.70% to 3.22%

OPEB (continued)

School Employees Retirement System (SERS) (continued)

Changes in assumptions (continued)

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) The discount rate was changed from 3.63% to 3.70%
(2) Municipal Bond Index Rate:
  Prior Measurement Date 3.56%
  Measurement Date 3.62%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
  Prior Measurement Date 3.63%
  Measurement Date 3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:
  Fiscal Year 2018 3.63%
  Fiscal Year 2017 2.98%
(2) Municipal Bond Index Rate:
  Fiscal Year 2018 3.56%
  Fiscal Year 2017 2.92%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
  Fiscal Year 2018 3.63%
  Fiscal Year 2017 2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

(1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
(2) Payroll growth assumption was reduced from 4.00% to 3.50%,
(3) Assumed real wage growth was reduced from 0.75% to 0.50%,
(4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
(5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
(6) Mortality among service retired members, and beneficiaries was updated to the following RP- 2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
(7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

Changes in benefit terms

2022: There was no change to the claims costs process. 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.

OPEB (continued)

State Teachers Retirement System (STRS) (Continued)

Changes in benefit terms (continued)

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

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% to 1.984% 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% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% 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. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive $29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to $0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

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 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in assumptions

2022: The discount rate was reduced from 7.45% in the prior year to 7.00% in the current year.

2020-2021: There were no changes in assumptions since the prior measurement date of June 30, 2019.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

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 to7.45 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.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

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FAYETTEVILLE-PERRY LOCAL SCHOOL DISTRICT
BROWN 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	10.555	3L60	$ 30,709
Cash Assistance:			
National School Breakfast Program	10.553	3L70	167,089
National School Lunch Program	10.555	3L60	297,672
Total Child Nutrition Cluster			495,470
COVID 19: SNAP PANDEMIC Electronic Benefit Transfer	10.649	3HF0	614
Total U.S. Department of Agriculture			**496,084**
U.S. Department of Education			
Passed Through Ohio Department of Education			
Special Education Cluster:			
IDEA Part B	84.027	3M20-2021	12,788
IDEA Part B	84.027	3M20-2022	164,636
IDEA Part B - Restoration	84.027	3M20-2022	1,025
Special Education - Preschool Grants	84.173	3C50	2,857
Total Special Education Cluster			**181,306**
Title I Grants to Local Educational Agencies	84.010	3M00-2021	131,931
Title I Grants to Local Educational Agencies	84.010	3M00-2022	128,501
Total Title I			**260,432**
Title IIA - Improving Teacher Quality	84.367	3Y60-2022	9,248
Student Support and Academic Enrichment	84.424	3HI0	8,407
COVID - 19 Elementary and Secondary School Emergency Relief Fund	84.425D	3HSO	357,470
COVID - 19 Elementary and Secondary School Emergency Relief Fund	84.425U	3HSO	41,077
COVID - 19 ARP Homeless Children and Youth	84.425W	3HZO	1,800
Total Elementary and Secondary School Emergency Relief Fund			**400,347**
Total U.S. Department of Education			**859,740**
Total Expenditures of Federal Awards			**$ 1,355,824**

The accompanying notes are an integral part of this schedule.

FAYETTEVILLE-PERRY LOCAL SCHOOL DISTRICT
BROWN COUNTY

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 Fayetteville-Perry 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, or changes in net position, of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the 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

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

Fayetteville Perry Local School District
Brown County
551 South Apple Street
Fayetteville, Ohio 45118

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 Fayetteville Perry Local School District, Brown 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 May 1, 2023.

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
May 1, 2023

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KEITH FABER

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

Fayetteville Perry Local School District
Brown County
551 South Apple Street
Fayetteville, Ohio 45118

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fayetteville Perry Local School District's, Brown County (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 Fayetteville Perry Local School District's major federal programs for the year ended June 30, 2022. Fayetteville Perry Local School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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

Basis for Opinion on Each 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 each 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 programs.

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 each 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

Keith Faber
Auditor of State
Columbus, Ohio
May 1, 2023

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FAYETTEVILLE PERRY LOCAL SCHOOL DISTRICT
BROWN 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):**	10.553, 10.555 - Child Nutrition Cluster; 84.425D, 84.425U, 84.425W - Elementary and Secondary School Emergency Relief (ESSER)
(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

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FAYETTEVILLE-PERRY LOCAL SCHOOLS

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May 1, 2023

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Financial statement errors related to capital assets, Pension/OPEB, and new bus lease.	Partially corrected	Comment for immaterial financial statement errors relating to Pension/OPEB and capital assets reported in the Management Letter.

OHIO AUDITOR OF STATE
KEITH FABER

FAYETTEVILLE-PERRY LOCAL SCHOOL DISTRICT

BROWN 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 5/11/2023

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