



OHIO AUDITOR OF STATE  
**KEITH FABER**





PREBLE SHAWNEE LOCAL SCHOOL DISTRICT  
PREBLE COUNTY

JUNE 30, 2022

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PREBLE SHAWNEE LOCAL SCHOOL DISTRICT  
PREBLE COUNTY

JUNE 30, 2022

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Preble Shawnee Local School District  
Preble County  
5495 Somers-Gratis Road  
Camden, Ohio 45311

To the Board of Education:

### ***Report on the Audit of the Financial Statements***

#### ***Opinions***

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Preble Shawnee Local School District, as of June 30, 2022, and the respective changes in modified cash-basis financial position thereof and the budgetary comparison for the General Fund for the fiscal year then ended in accordance with the modified cash-basis of accounting described in Note 2.

#### ***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 School 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 - Accounting Basis***

Ohio Administrative Code § 117-2-03(B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Emphasis of Matter***

As discussed in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the School 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 the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible 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 School 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 School 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 School 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.

***Supplementary Information***

Our audit was conducted to opine on the financial statements as a whole that collectively comprise the School 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 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 to 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, this schedule 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 August 31, 2023, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

August 31, 2023

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**Preble Shawnee Local School District**  
Statement of Net Position - Modified Cash Basis  
June 30, 2022

	Governmental Activities
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$7,937,857
Non-Depreciable Capital Assets	247,991
Depreciable Capital Assets, Net	14,017,606
<i>Total Assets</i>	22,203,454
<b>Net Position:</b>	
Investment in Capital Assets	14,265,597
Restricted for:	
District Managed Activities	21,409
Student Managed Activities	66,431
Scholarships	36,128
Federal, State and Local Grants	87,362
Food Service	318,739
Set-Asides	198,660
Unrestricted	7,209,128
<i>Total Net Position</i>	\$22,203,454

See Accompanying Notes to the Basic Financial Statements

**Preble Shawnee Local School District**  
Statement of Activities - Modified Cash Basis  
For the Fiscal Year Ended June 30, 2022

	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services	Operating Grants, Contributions and Interest	Total Governmental Activities
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$5,733,855	\$125,652	\$654,829	(\$4,953,374)
Special	2,413,484	154,889	1,107,148	(1,151,447)
Vocational	329,637	0	25,268	(304,369)
Support Services:				
Pupils	1,308,029	600	24,479	(1,282,950)
Instructional Staff	345,313	0	0	(345,313)
Board of Education	82,054	0	0	(82,054)
Administration	1,424,822	5,425	89,626	(1,329,771)
Fiscal	478,835	0	0	(478,835)
Business	602	0	0	(602)
Operation and Maintenance of Plant	1,784,167	0	129,486	(1,654,681)
Pupil Transportation	866,783	0	93,107	(773,676)
Central	233,207	0	5,400	(227,807)
Operation of Non-Instructional Services	450,792	83,596	1,013,888	646,692
Extracurricular Activities	490,198	152,056	47,810	(290,332)
<i>Total Governmental Activities</i>	\$15,941,778	\$522,218	\$3,191,041	(12,228,519)
<b>General Receipts:</b>				
Property Taxes Levied for				
General Purposes				3,331,006
Income Tax				2,507,674
Grants and Entitlements not				
Restricted to Specific Programs				8,170,181
Investment Earnings				81,363
Gifts and Donations				647
Miscellaneous				136,577
<i>Total General Receipts</i>				14,227,448
<i>Change in Net Position</i>				1,998,929
<i>Net Position at Beginning of Year</i>				20,204,525
<i>Net Position at End of Year</i>				\$22,203,454

See Accompanying Notes to the Basic Financial Statements

**Preble Shawnee Local School District**  
Balance Sheet - Modified Cash Basis  
Governmental Funds  
June 30, 2022

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$6,571,765	\$1,167,432	\$7,739,197
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	198,660	0	198,660
<i>Total Assets</i>	<u>\$6,770,425</u>	<u>\$1,167,432</u>	<u>\$7,937,857</u>
<b>Fund Balances:</b>			
Restricted	\$198,660	\$561,119	\$759,779
Committed	295,310	129,403	424,713
Assigned	807,037	524,535	1,331,572
Unassigned	5,469,418	(47,625)	5,421,793
<i>Total Fund Balances</i>	<u>\$6,770,425</u>	<u>\$1,167,432</u>	<u>\$7,937,857</u>

See Accompanying Notes to the Basic Financial Statements

**Preble Shawnee Local School District**  
Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities - Modified Cash Basis  
June 30, 2022

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<b>Total Governmental Fund Balances</b>	\$7,937,857
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*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.	<u>14,265,597</u>
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<i>Net Position of Governmental Activities</i>	<u><u>\$22,203,454</u></u>
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See Accompanying Notes to the Basic Financial Statements

**Preble Shawnee Local School District**  
Statement of Cash Receipts, Disbursements and Changes in  
Fund Balances - Modified Cash Basis  
Governmental Funds  
For the Fiscal Year Ended June 30, 2022

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Receipts:</b>			
Property Taxes	\$3,331,006	\$0	\$3,331,006
Income Tax	2,507,674	0	2,507,674
Tuition and Fees	280,541	0	280,541
Intergovernmental	8,903,284	2,429,075	11,332,359
Extracurricular Activities	5,425	152,656	158,081
Investment Earnings	81,363	0	81,363
Gifts and Donations	7,632	21,878	29,510
Charges for Services	0	83,596	83,596
Miscellaneous	136,277	300	136,577
<i>Total Receipts</i>	<u>15,253,202</u>	<u>2,687,505</u>	<u>17,940,707</u>
<b>Disbursements:</b>			
Current:			
Instruction:			
Regular	6,228,923	393,687	6,622,610
Special	1,907,762	450,355	2,358,117
Vocational	297,529	0	297,529
Support Services:			
Pupils	941,295	356,051	1,297,346
Instructional Staff	299,217	30,769	329,986
Board of Education	82,054	0	82,054
Administration	1,319,685	85,990	1,405,675
Fiscal	478,252	0	478,252
Business	602	0	602
Operation and Maintenance of Plant	1,683,023	140,784	1,823,807
Pupil Transportation	1,280,416	20,661	1,301,077
Central	228,991	0	228,991
Operation of Non-Instructional Services	3,579	715,795	719,374
Extracurricular Activities	333,093	148,231	481,324
Capital Outlay	0	739,526	739,526
<i>Total Disbursements</i>	<u>15,084,421</u>	<u>3,081,849</u>	<u>18,166,270</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>168,781</u>	<u>(394,344)</u>	<u>(225,563)</u>
<b>Other Financing Sources (Uses):</b>			
Advances In	120,000	120,212	240,212
Advances Out	(120,212)	(120,000)	(240,212)
<i>Total Other Financing Sources (Uses)</i>	<u>(212)</u>	<u>212</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	168,569	(394,132)	(225,563)
<i>Fund Balances at Beginning of Year</i>	<u>6,601,856</u>	<u>1,561,564</u>	<u>8,163,420</u>
<i>Fund Balances at End of Year</i>	<u>\$6,770,425</u>	<u>\$1,167,432</u>	<u>\$7,937,857</u>

See Accompanying Notes to the Basic Financial Statements

**Preble Shawnee Local School District**  
 Reconciliation of the Statement of Cash Receipts, Disbursements and Changes  
 in Fund Balances of Governmental Funds to the Statement of Activities - Modified Cash Basis  
 For the Fiscal Year Ended June 30, 2022

**Net Change in Fund Balances - Total Governmental Funds** (\$225,563)

*Amounts reported for governmental activities in the  
 Statement of Activities are different because:*

Governmental funds report capital outlays as disbursements. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation disbursements. In the current period, these amounts are:

Capital Outlay	3,086,174	
Depreciation Disbursement	(861,682)	
Excess of Capital Outlay Disbursements Over Depreciation	<u>2,224,492</u>	<u>2,224,492</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$1,998,929</u></u>

See Accompanying Notes to the Basic Financial Statements

**Preble Shawnee Local School District**  
Statement of Receipts, Disbursements and  
Changes in Fund Balance - Budget and Actual - Budget Basis  
General Fund  
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts:</b>				
Property Taxes	\$3,351,807	\$3,331,006	\$3,331,006	\$0
Income Tax	2,523,334	2,507,674	2,507,674	0
Tuition and Fees	282,293	280,541	280,541	0
Intergovernmental	8,958,884	8,903,284	8,903,284	0
Extracurricular Activities	2,235	5,425	5,425	0
Investment Earnings	103,180	84,609	102,540	17,931
Gifts and Donations	7,048	647	7,632	6,985
Miscellaneous	35,115	33,209	34,761	1,552
<i>Total Receipts</i>	<u>15,263,896</u>	<u>15,146,395</u>	<u>15,172,863</u>	<u>26,468</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular	6,891,599	6,254,118	6,246,135	7,983
Special	2,096,797	1,911,741	1,907,820	3,921
Vocational	316,602	303,255	302,755	500
Support Services:				
Pupils	923,269	969,227	942,526	26,701
Instructional Staff	354,867	319,337	318,632	705
Board of Education	85,627	89,882	89,882	0
Administration	1,346,745	1,329,397	1,324,806	4,591
Fiscal	477,907	486,869	486,719	150
Business	573	602	602	0
Operation and Maintenance of Plant	1,807,045	1,867,968	1,840,995	26,973
Pupil Transportation	1,322,926	1,389,021	1,388,671	350
Central	234,029	300,308	245,659	54,649
Operation of Non-Instructional Services	3,906	1,863	3,989	(2,126)
Extracurricular Activities	319,229	335,093	335,093	0
<i>Total Disbursements</i>	<u>16,181,121</u>	<u>15,558,681</u>	<u>15,434,284</u>	<u>124,397</u>
<i>Excess of Receipts Under Disbursements</i>	<u>(917,225)</u>	<u>(412,286)</u>	<u>(261,421)</u>	<u>150,865</u>
<b>Other Financing Sources (Uses):</b>				
Refund of Prior Year Disbursements	102,150	101,516	101,516	0
Advances In	120,749	120,000	120,000	0
Advances Out	(114,521)	(120,212)	(120,212)	0
<i>Total Other Financing Sources (Uses)</i>	<u>108,378</u>	<u>101,304</u>	<u>101,304</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(808,847)	(310,982)	(160,117)	150,865
<i>Fund Balance at Beginning of Year</i>	6,487,946	6,487,946	6,487,946	0
<i>Prior Year Encumbrances Appropriated</i>	93,201	93,201	93,201	0
<i>Fund Balance at End of Year</i>	<u>\$5,772,300</u>	<u>\$6,270,165</u>	<u>\$6,421,030</u>	<u>\$150,865</u>

See Accompanying Notes to the Basic Financial Statements

**Preble Shawnee Local School District**  
Statement of Fiduciary Net Position - Modified Cash Basis  
Custodial Fund  
June 30, 2022

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	<u>Ed Cottingim Scholarship Fund</u>
<b>Asset:</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$500</u>
<b>Net Position:</b>	
Held in Trust for Scholarships	<u>\$500</u>

See Accompanying Notes to the Basic Financial Statements



**Preble Shawnee Local School District**  
Statement of Changes in Fiduciary Net Position - Modified Cash Basis  
Custodial Fund  
For the Fiscal Year Ended June 30, 2022

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	<u>Ed Cottingim Scholarship Fund</u>
<b>Additions:</b>	
Gifts and Contributions	\$500
<b>Deductions:</b>	
Distributions to Individuals	<u>500</u>
<i>Change in Net Position</i>	0
<i>Net Position at Beginning of Year</i>	<u>500</u>
<i>Net Position at End of Year</i>	<u><u>\$500</u></u>

See Accompanying Notes to the Basic Financial Statements

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**Preble Shawnee Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

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**Note 1 – Description of the School District and Reporting Entity**

Preble Shawnee Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected 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 School District was established in 1968 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 89 square miles. It is located in Butler, Montgomery, and Preble Counties, including Gasper, German, Gratis, Israel, Lanier, Somers, and Wayne Townships.

*Reporting Entity:*

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

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

The School District participates in two jointly governed organizations, two insurance purchasing pools, and one shared risk pool. These organizations are presented in Notes 14 and 15 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

Southwest Ohio Computer Association  
Southwestern Ohio Educational Purchasing Council

Insurance Purchasing Pools:

Ohio SchoolComp Group Retro Rating Plan  
Ohio School Plan

**Preble Shawnee Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

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Shared Risk Pool:  
Southwestern Ohio Educational Purchasing Cooperative Benefit  
Plan Trust

**Note 2 – Summary of Significant Accounting Policies**

The financial statements of the Preble Shawnee Local School District are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. The more significant of the School District's accounting policies are described below.

**Basis of Presentation**

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

*Government-wide Financial Statements:*

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the School District, except for fiduciary funds. The government-wide financial statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, does not have any activities that are presented as business-type.

The Statement of Net Position presents the cash balance and capital assets of the governmental activities of the School District at fiscal year-end. The government-wide Statement of Activities compares disbursements with program receipts for each function of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. 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 that are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct disbursements with program revenues identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the general revenues of the School District.

**Preble Shawnee Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

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*Fund Financial Statements:*

During the fiscal year, the School District segregates transactions related to certain School District functions or activities into 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 by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**Fund Accounting**

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

*Governmental Funds:*

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions as governmental funds. Following is the School District's major governmental fund:

*General Fund* – The General Fund is the operating fund of the School District and is used to account for and report all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

*Fiduciary Funds:*

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

The School District's fiduciary funds are custodial funds. Custodial funds are used to account for assets held by the School District as fiscal agent for a scholarship and athletic tournaments hosted by the School District; however, the School District did not host any athletic tournaments during the fiscal year.

**Preble Shawnee Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

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**Basis of Accounting**

The School District's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned, and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the School District are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and receipts for billed or provided services not yet collected) and certain liabilities and their related disbursements (such as accounts payable and disbursements for goods or services received but not yet paid and accrued disbursements and liabilities) are not recorded in these financial statements.

A modification to report capital assets involved recording and depreciating only capital assets that result from cash transactions.

**Cash and Investments**

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

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

During fiscal year 2022, the School District's investments were limited to State Treasury Asset Reserve of Ohio (STAROhio), Negotiable Certificates of Deposit, Federal Agency Securities, a Municipal Bond, and Commercial Paper. Investments are reported at cost except for StarOhio.

STAROhio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio at the net asset value (NAV) per share provided by STAROhio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio

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reserves the right to limit the transactions to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of investment earnings. Interest credited to the General Fund during fiscal year 2022 was \$81,363, which included \$11,971 assigned from other School District funds.

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

### **Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the General Fund represent cash and cash equivalents legally required to be set aside by the School District for capital improvements. See Note 16 for additional information regarding set-asides.

### **Interfund Balances**

The School District reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

### **Capital Assets**

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets generally result from disbursements 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 \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except land, 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:

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<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	45 years
Furniture, Fixtures, and Equipment	5-20 years
Vehicles	10 years

**Compensated Absences**

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

**Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net 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.

**Fund Balance**

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

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form or 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. The School District did not have any nonspendable fund balances at fiscal year-end.

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

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



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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. Committed fund balance represents amounts specifically committed for Board approved purchases on order, employee reimbursements, and permanent improvements.

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. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Treasurer assigned fund balance to cover a gap between estimated revenue and appropriations in the 2023 appropriations budget.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance.

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

### **Net Position**

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The School District applies restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

### **Long-Term Obligations**

Cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when disbursements are made.

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**Leases**

For fiscal year 2022, GASB Statement No. 87, Leases was effective. This GASB pronouncement had no effect on beginning net position/fund balance.

The School District is the lessee in a lease related to equipment under a noncancelable lease. Lease payables are not reflected under the School District's modified cash basis of accounting. Lease disbursements are recognized when they are paid.

**Internal Activity**

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

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

**Budgetary Process**

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The 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 cash disbursements plus encumbrances at the 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. The Treasurer has been authorized to allocate Board appropriations to the function and object level within all funds.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts 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 of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts in the amended certificate of estimated resources 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 resources. 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 forward from

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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.

**Estimates**

The modified cash basis of accounting used by the School District 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.

**Note 3 – Accountability**

At June 30, 2022, the Equipment Assistance nonmajor capital projects fund had a deficit fund balance of \$16,575. The Title I School Improvement and Title I nonmajor special revenue funds had deficit fund balances of \$30,769 and \$281, respectively. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements 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 differences between the budgetary basis and the modified cash basis are outstanding year-end encumbrances treated as cash disbursements (budgetary basis) rather than restricted, committed, or assigned fund balance (modified cash basis).

1. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statement. These amounts are included as revenue on the modified cash basis operating statement.
2. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (modified cash basis).

The following table summarizes the adjustments necessary to reconcile the modified cash basis statement to the budgetary basis statement for the General Fund.

<u>Net Change in Fund Balance</u>	
	<u>General Fund</u>
Modified Cash Basis	\$168,569
Unrecorded Cash Fiscal Year 2021	20,709
Adjustment for Encumbrances	<u>(349,395)</u>
Budget Basis	<u><u>(\$160,117)</u></u>

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**Note 5 – Deposits and Investments**

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

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

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

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

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

For deposits held at Somerville Bank, protection of these deposits is provided by FDIC or by a letter of credit pledged by the financial institution to the School District as security for repayment.

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

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

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3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from date of settlement, bonds and other obligations of political subdivisions of the State of Ohio if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an account not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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

### **Investments**

The School District reports their investments at cost. For certain investments, the fair value is different from the cost. As of June 30, 2022, the School District had the following investments:

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Measurement/Investment	Measurement Amount	Investment Maturity (in Years)	S & P Rating	Percent of Total Investments
Net Asset Value Per Share:				
STAROhio	\$1,486,292	Average 35.3 Days	AAAm	N/A
Fair Value - Level Two Inputs:				
Negotiable Certificates of Deposit	2,953,149	Less than four years	N/A	42.01%
Federal Home Loan				
Mortgage Notes	96,296	Less than two years	AA+	N/A
Federal Home Loan Bank Notes	191,106	Less than three years	AAA	N/A
Federal National Mortgage Association	207,795	Less than four years	AA+	N/A
Municipal Bond	193,578	Less than one year	A+	N/A
US Treasury Bill	246,943	Less than three years	AA+	N/A
Commercial Paper	1,653,974	Less than one year	A-1 to A-1+	23.53%
Total	<u>\$7,029,133</u>			

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School District has no investment policy that addresses interest rate risk beyond State statute requirements. 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. STAROhio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The negotiable certificates of deposit are in denominations of under \$250,000 each, in separate banks and are insured by the Federal Deposit Insurance Corporation (FDIC). The negotiable certificates of deposit are, therefore, not subject to credit risk. The School District has no investment policy that addresses credit risk.

*Concentration of Credit Risk*

The School District places no limit on the amount it may invest in any one issuer. The percentage that each investment represents of the total investments is listed in the table above.

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**Note 6 – Property Taxes**

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

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

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

The School District receives property taxes from Butler, Montgomery, and Preble Counties. The County Auditors periodically advance 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.

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

	2021 Second- Half Collections		2022 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$184,534,500	96.36%	\$185,135,370	96.19%
Public Utility Personal	6,976,410	3.64%	7,338,850	3.81%
<i>Total Assessed Values</i>	<i>\$191,510,910</i>	<i>100.00%</i>	<i>\$192,474,220</i>	<i>100.00%</i>
Tax Rate per \$1,000 of Assessed Valuation	\$20.00		\$20.00	

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**Note 7 – Income Tax**

The School District levies a voted tax of one and three-quarter percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1991, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds.

**Note 8 – Capital Assets**

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

	Balance 6/30/2021	Additions	Deletions	Balance 6/30/2022
<u>Governmental Activities:</u>				
Capital Assets not Being Depreciated:				
Land	\$247,991	\$0	\$0	\$247,991
Capital Assets Being Depreciated:				
Land Improvements	624,736	34,690	0	659,426
Buildings and Improvements	21,504,316	2,074,567	0	23,578,883
Furniture, Fixtures, and Equipment	2,104,987	729,263	0	2,834,250
Vehicles	1,824,516	247,654	0	2,072,170
<i>Total Capital Assets Being Depreciated</i>	<u>26,058,555</u>	<u>3,086,174</u>	<u>0</u>	<u>29,144,729</u>
Less Accumulated Depreciation:				
Land Improvements	(411,213)	(18,851)	0	(430,064)
Buildings and Improvements	(11,291,519)	(496,260)	0	(11,787,779)
Furniture, Fixtures, and Equipment	(1,587,204)	(177,127)	0	(1,764,331)
Vehicles	(975,505)	(169,444)	0	(1,144,949)
<i>Total Accumulated Depreciation</i>	<u>(14,265,441)</u>	<u>(861,682) *</u>	<u>0</u>	<u>(15,127,123)</u>
<i>Capital Assets Being Depreciated, Net</i>	<u>11,793,114</u>	<u>2,224,492</u>	<u>0</u>	<u>14,017,606</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$12,041,105</u>	<u>\$2,224,492</u>	<u>\$0</u>	<u>\$14,265,597</u>

\* Depreciation disbursement was charged to governmental functions as follows:



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Instruction:	
Regular	\$411,245
Special	55,367
Vocational	32,108
Support Services:	
Pupils	10,683
Instructional Staff	35,327
Administration	19,147
Fiscal	583
Operation and Maintenance of Plant	87,008
Pupil Transportation	165,706
Central	4,216
Operation of Non-Instructional Services	31,418
Extracurricular Activities	8,874
<i>Total Depreciation Disbursement</i>	<u><u>\$861,682</u></u>

**Note 9 – Risk Management**

**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, along with other school districts in Ohio, participated in the Ohio School Plan (OSP), an insurance purchasing pool. Each individual school district enters into an agreement with the OSP, and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (see Note 14). The School District contracts for property, fleet, and liability insurance with OSP.

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

**Workers’ Compensation**

For fiscal year 2022, the School District participated in the Ohio SchoolComp Group Retro Rating Plan (GRP) sponsored by the Ohio School Board’s Association and the Ohio Association of School Business Officials (see Note 14). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers’ compensation experience of the participating school districts is calculated as one experience, and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers’ compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant’s individual is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the “Equity Pooling Fund”. This “equity

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pooling” arrangement insures that each participant shares equally in the overall performance of the group. Participation in the GRP is limited to school districts that can meet the GRP’s selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the GRP.

**Employee Medical Benefits**

During fiscal year 2022, the School District participated in the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust), a public entity shared risk pool (see Note 15). The School District pays monthly premiums to the Trust for employee medical insurance benefits. The School District pays monthly premiums to the Trust for dental, vision and life insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**Note 10 – Defined Benefit Pension Plans**

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

**Net Pension Liability/Net OPEB Liability**

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care

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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 net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the modified cash basis framework.

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

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

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

The School District's contractually required contribution to SERS was \$254,324 for fiscal year 2022.

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

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$857,524 for fiscal year 2022.

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**Net Pension Liability**

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.07534120%	0.05402163%	
Prior Measurement Date	0.07934160%	0.05492333%	
Change in Proportionate Share	(0.00400040%)	(0.00090170%)	
Proportionate Share of the Net Pension Liability	\$2,779,873	\$6,907,152	\$9,687,025

**Actuarial Assumptions – SERS**

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

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

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

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

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

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

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

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

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

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00%	(0.33%)
US Equity	24.75	5.72
Non-US Equity Developd	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 Strategies	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00%</u>	

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

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$4,625,024	\$2,779,873	\$1,223,774

**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 as follows:



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

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

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

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

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

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

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

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$12,934,510	\$6,907,152	\$1,814,047

**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.

**Note 11 – Defined Benefit OPEB Plans**

See Note 10 for a description of the net OPEB liability.

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

**Health Care Plan Description** - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and

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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](http://www.ohsers.org) under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the School District's surcharge obligation was \$49,383.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$49,383 for fiscal year 2022.

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

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or

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combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

**Net OPEB Liability (Asset)**

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.07775050%	0.05402163%	
Prior Measurement Date	0.08231060%	0.05492333%	
Change in Proportionate Share	(0.00456010%)	(0.00090170%)	
Proportionate Share of the Net:			
OPEB (Asset)	\$0	(\$1,139,002)	(\$1,139,002)
OPEB Liability	\$1,471,492	\$0	\$1,471,492

**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.

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

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

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

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

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

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For 2020, mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 10.

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2021, was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020, and the June 30, 2021, total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021, and 2.45 percent at June 30, 2020.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than

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the current discount rate (2.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
School District's proportionate share of the net OPEB liability	\$1,823,357	\$1,471,492	\$1,190,397

  

	1% Decrease (5.75 % decreasing to 3.40%)	Current Trend Rate (6.75 % decreasing to 4.40%)	1% Increase (7.75 % decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$1,132,928	\$1,471,492	\$1,923,709

**Actuarial Assumptions – STRS**

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

	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.

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For the Fiscal Year Ended June 30, 2022

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 10.

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$961,142)	(\$1,139,002)	(\$1,287,578)



**Preble Shawnee Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	(\$1,281,557)	(\$1,139,002)	(\$962,719)

**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 12 – Employee Benefits**

**Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. All unused vacation, up to a balance not greater than three years accrual, may be carried forward to the succeeding fiscal year. Sick leave may be accumulated up to a maximum of 220 days for classified employees and 225 days for certified employees. Upon retirement, payment is made for 30 and 35 percent of accrued but unused sick leave credit at their daily rate upon retirement for classified and certified employees, respectively.

**Deferred Compensation Plan**

Employees may elect to participate in the Ohio Public Employees Deferred Compensation Plan in accordance with Internal Revenue Code Section 457. The employees may also participate in a qualified annuity plan, sponsored by multiple providers, in accordance with Internal Revenue Code Section 403(b). Participation is on a voluntary payroll deduction basis. The plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

**Note 13 – Interfund Activity**

At June 30, 2022, the General Fund made advances out of \$120,212 and received repayments of advances from Nonmajor Governmental Funds of \$120,000.

**Note 14 – Jointly Governed Organizations and Insurance Purchasing Pools**

**Jointly Governed Organizations**

*Southwest Ohio Computer Association*

The School District is a participant in the Southwest Ohio Computer Association (SWOCA), which is a computer consortium. SWOCA is an association of public school districts within the

**Preble Shawnee Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

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boundaries of Butler, Clinton, Hamilton, Montgomery, Warren, and Preble Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SWOCA consists of one representative from each district plus one representative from the fiscal agent. The Board exercises total control over the operations of the association including budgeting, appropriating, contracting and designation of management. Each school district's degree of control is limited to its representation on the Board. The School District paid SWOCA \$70,725 for services provided during the fiscal year. Financial information can be obtained from SWOCA at 3611 Hamilton-Middletown Road, Hamilton, Ohio 45011.

*Southwestern Ohio Educational Purchasing Council*

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of over 100 school districts and educational service centers in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services, including dental insurance, commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. The Board exercises total control over the operations of the council including budgeting, appropriating, contracting and designation of management. Each school district's degree of control is limited to its representation on the Board. Title to any and all equipment, furniture, and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year's prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations.

Payments to SOEPC are made from the General Fund. During fiscal year 2022, the School District did not contribute to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**Insurance Purchasing Pools**

*Ohio SchoolComp Group Retro Rating Plan*

The School District participates in the Ohio SchoolComp Group Retro Rating Plan (GRP) sponsored by the Ohio School Board's Association and Ohio Association of School Business Officials for workers' compensation, an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven-member Board of directors. The Executive Director of the group, or his designee, serves as coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**Preble Shawnee Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

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*Ohio School Plan*

The School District participates in the Ohio School Plan (OSP), an insurance purchasing pool. The OSP was created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the sole purpose of enabling members of the OSP to provide for a formalized, jointly administered self-insurance program to maintain adequate self-insurance protection, risk management programs, and other administrative services. The OSP's business and affairs are conducted by a 13-member Board of Directors, consisting of school district superintendents and treasurers. The OSP has an agreement with Hylant Administrative Services, LLC to provide underwriting, claims management, risk management, accounting, system support services, sales, and marketing to the OSP. Hylant Administrative Services, LLC also coordinates reinsurance brokerage services for the OSP.

**Note 15 – Shared Risk Pool**

*Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust*

The Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (Trust) is a public entity shared risk pool consisting of approximately 130 School Districts. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical, dental, and vision insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**Note 16 – Set-Aside Calculations**

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 amounts for capital acquisition. Disclosure of this information is required by State statute.

**Preble Shawnee Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

	Capital Improvements
Set-aside Balance as of June 30, 2021	\$0
Current Fiscal Year Set-aside Requirement	247,012
Qualifying Disbursements	(48,352)
<i>Set-aside Balance as of June 30, 2022</i>	<i>\$198,660</i>

**Note 17 – 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 government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b><i>Restricted for:</i></b>			
District Managed Activities	\$0	\$21,409	\$21,409
Student Managed Activities	0	66,431	66,431
Scholarships	0	36,128	36,128
Federal, State, and Local Grants	0	118,412	118,412
Food Service	0	318,739	318,739
Set Asides	198,660	0	198,660
<i>Total Restricted</i>	<i>198,660</i>	<i>561,119</i>	<i>759,779</i>
<b><i>Committed to:</i></b>			
Capital Improvements	0	129,403	129,403
Board Approved Purchases on Order	110,340	0	110,340
Employee Reimbursements	184,970	0	184,970
<i>Total Committed</i>	<i>\$295,310</i>	<i>\$129,403</i>	<i>\$424,713</i>

(Continued)

**Preble Shawnee Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

Fund Balances	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<i>Assigned to:</i>			
Capital Improvements	\$0	\$524,535	\$524,535
Future Appropriations	567,982	0	567,982
Purchases on Order	239,055	0	239,055
<i>Total Assigned</i>	<u>807,037</u>	<u>524,535</u>	<u>1,331,572</u>
<i>Unassigned (Deficit)</i>	5,469,418	(47,625)	5,421,793
<i>Total Fund Balances</i>	<u>\$6,770,425</u>	<u>\$1,167,432</u>	<u>\$7,937,857</u>

**Note 18 – Significant Commitments**

**Encumbrances**

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

General Fund	\$349,395
Nonmajor Governmental Funds	524,559
Total	<u>\$873,954</u>

**Contractual Commitments**

The following table provides a summary of the outstanding contractual commitments as of June 30, 2022:

Contractor	Amount Remaining
Cardinal Bus Sales	\$94,410
Habegger Corporation	150,700
Tackett Environmental	19,000
Northwest Evaluation Association	17,056
Avant Communication and Technology	23,282
Educational Furniture	45,586
The Equipment Guys	22,760
Southwest Ohio Computer Association	25,040
The Ohio Flooring Company	50,000
	<u>\$447,834</u>

**Preble Shawnee Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2022

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**Note 19 – Contingencies**

**Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, 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.

**Litigation**

The School District is not currently a party to any legal proceedings.

**Note 20 – Compliance**

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit certain assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

**Note 21 – COVID-19**

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

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT  
PREBLE COUNTY**

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

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>(1) Total Federal Expenditures</b>	<b>Non-Cash Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	\$141,173	
National School Lunch Program	10.555	481,205	\$62,673
COVID-19 Special Milk Program for Children	10.556	30,556	
Total Child Nutrition Cluster		<u>652,934</u>	<u>62,673</u>
Child Nutrition Discretionary Grants Limited Availability	10.579	16,575	
COVID-19 Pandemic EBT Administrative Costs	10.649	614	
Total U.S. Department of Agriculture		<u>670,123</u>	<u>62,673</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	243,667	
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027	304,525	
Special Education Preschool Grants	84.173	18,921	
Total Special Education Cluster (IDEA)		<u>323,446</u>	
Supporting Effective Instruction State Grants	84.367	43,555	
COVID-19 - Education Stabilization Fund	84.425D	443,449	
COVID-19 - Education Stabilization Fund	84.425U	416,969	
Total COVID-19 - Education Stabilization Fund		<u>860,418</u>	
Total U.S. Department of Education		<u>1,471,086</u>	
<b>FEDERAL COMMUNICATIONS COMMISSION</b>			
<i>Direct Program</i>			
Emergency Connectivity Fund Program	32.009	119,517	
Total Federal Communications Commission		119,517	
Total Expenditures of Federal Awards		<u>\$2,260,726</u>	<u>\$62,673</u>

(1) There were no pass through entity identifying numbers.

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

**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT  
PREBLE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE FISCAL 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 Preble Shawnee Local School District (the School District) under programs of the federal government for the fiscal 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

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

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

**NOTE F - TRANSFERS BETWEEN FEDERAL PROGRAMS**

During fiscal year 2022, the School District made allowable transfers of \$16,080 from the Title IV-A Student Support and Academic Enrichment Grant (AL #84.424) to the Title I Improving Basic Programs Grant (AL #84.010). During fiscal year 2022, the School District did not expend those funds on the Student Support and Academic Enrichment program. The amount transferred to the Title I Improving Basic Programs Grant is included as Title I Grant expenditures.





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

Preble Shawnee Local School District  
Preble County  
5495 Somers-Gratis Road  
Camden, Ohio 45311

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 the financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards), the modified cash-basis financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Preble Shawnee Local School District, Preble County, (the School District) as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated August 31, 2023, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the School District.

***Report on Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-002 that we consider to be a significant deficiency

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-001.

***School District's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the School District's responses to the findings identified in our audit and described in the accompanying schedule of findings and/or corrective action plan. The School District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

August 31, 2023

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
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(800) 282-0370

## 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

Preble Shawnee Local School District  
Preble County  
5495 Somers-Gratis Road  
Camden, Ohio 45311

To the Board of Education:

### Report on Compliance for Each Major Federal Program

#### ***Opinion on Each Major Federal Program***

We have audited Preble Shawnee Local School District's, Preble County, (the School 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 Preble Shawnee Local School District's major federal programs for the fiscal year ended June 30, 2022. Preble Shawnee 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, Preble Shawnee 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 fiscal 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 School 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 School District's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

The School 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 School 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 School 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 School 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 School 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 School 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 School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

August 31, 2023

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**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT  
PREBLE COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2022**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

**FINDING NUMBER 2022-001**

**GAAP Reporting - Noncompliance**

**Ohio Rev. Code §117.38** provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

**FINDING NUMBER 2022-001**  
**(Continued)**

**Ohio Admin. Code 117-2-03(B)**, which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the modified cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District. To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

**Officials' Response:**

Several years ago the School District changed to modified cash basis of accounting in order to save money. At this point it would be expensive to switch back to generally accepted accounting principles. No corrective action deemed necessary.

**FINDING NUMBER 2022-002**

**Payroll Issues – Significant Deficiency**

When designing the public office's system of internal control and the specific control activities, management should ensure that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data. Payroll process controls help to verify payroll expenditures contain no misstatements, whether due to fraud or error.

We noted the following payroll related matters:

- The District employs substitute classified staff. Board Policy 4120.04 titled Employment of Substitutes states classified substitutes will be paid on a per diem basis at a rate set by the Board. A substitute classified employee, selected for testing, was paid at Step 0 for the positions worked per the negotiated contract. The District was unable to provide documentation showing the rate set by the Board.
- The District issued a Nonteaching School Employment Contract to an Aide, selected for testing, that stated 184 workdays. However, 188 days should have been included on the contract.
- The 2020-2021 and 2021-2022 salary notices for three employees tested did not include the employee's contracted number of days, and the District was unable to provide any other documentation approving the number of days.
- The December 2021 Payroll Item Detail Report showed Federal Taxes/Medicare withheld in the amount of \$42,658 compared to the remittance form of \$42,311 for a variance of \$347. The District remitted \$300 during December 2021 leaving a balance of \$47 due to the IRS.
- An employee was paid out sick leave for the nine pay periods of September 5, 2021 through January 5, 2022 for a total amount of \$17,313.75 based on her 2020-2021 contract salary of \$46,169.92. However, per her payroll breakdown sheet, a rate of \$26.97 per hour was included which would be a total contract salary of \$48,114.48 and a total of \$18,042.93 for the nine pays. We were unable to determine which pay was correct per her payroll breakdown sheet and the resignation agreement.



**FINDING NUMBER 2022-002  
(Continued)**

- An employee was paid a total of \$22,142.89 for 2021-2022. However, the total paid per her contract should have been \$24,192.04 which results in a \$2,049.15 underpayment for the contract.
- The District underpaid an employee \$181.38 when calculating their severance payout upon resignation.
- The District did not withhold and remit the required amounts for State Employees Retirement System (SERS) and State Teachers Retirement System (STRS) during the audit period (see Finding 2022-003). As a result, the District was also required to pay interest to SERS (see Finding 2022-004).
- The District overpaid an employee by \$3,248 due to using the wrong number of contract days (see Finding 2022-005).

The District should establish and implement policies and procedures to ensure the information on all contracts are accurate and that employees are paid according to their contracts/salary notices. The District should include the number of contract days, employee step, employee position and hours per day on hourly employees' salary notices. The Board should establish the rate for substitute classified staff and maintain documentation of the established rate. Also, the District should establish policies and procedures to ensure all withholdings are properly remitted. The District should establish and implement procedures to verify that all employees are properly enrolled in the respective State Teachers Retirement System or State Employees Retirement System and that subsequent withholdings and payments are made in a timely manner to avoid interest and penalties for delinquent submissions. Failure to do so could lead to over or underpayments of employees and possible findings for recovery in the future.

**Officials' Response:**

All subs are hired and vetted through the Preble County ESC. Their pay rate is set through the Preble County ESC. They are however paid directly by our school district. The number of days that are required by contract will be reviewed for educational aides. Using a new system to print contracts and track employee records in the future contracts will include workdays in them. Moving forward statements and payment rates will be reviewed to prevent an issue similar to this. We will review board policies and contracts to ensure that severance is paid the correct amount. There is an employee whose SERS was not deducted properly over a period that is repaying it over a period of time. The other in question has been referred to the IRS to help collect these sums as they have refused contact from the district.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**4. OTHER – FINDINGS FOR RECOVERY**

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS or Single Audit Compliance and Controls reports.

**FINDING NUMBER 2022-003**

**Finding for Recovery Repaid Under Audit, Finding For Recovery Resolved Under Audit—  
SERS/STRS Non-Withholding/Remitting**

**Ohio Rev. Code § 3307.26(A)(5)** requires that each teacher shall contribute a certain percent of the teacher's earned compensation, except that the percent shall not be greater than fourteen percent of the teachers' compensation. For compensation earned on or after July 1, 2016, fourteen percent.

**FINDING NUMBER 2022-003  
 (Continued)**

Additionally, **Ohio Rev. Code § 3307.26(C)** requires the contribution for all teachers shall be deducted by the employer on each payroll in an amount equal to the applicable per cent of the teachers' paid compensation for such payroll period or other period as the board may approve. All contributions on paid compensation for teachers shall be remitted at intervals required by the state teachers retirement system.

**Ohio Rev. Code § 3309.47** requires that each school employees retirement system contributor shall contribute eight per cent of the contributor's compensation to the employees' savings fund, except that the contribution not be greater than ten per cent of compensation. Additionally, contributions shall be deducted by the employer on each payroll in an amount equal to the required per cent of the contribution's compensation. The statute indicates the transmission of such amounts to the retirement system.

The District did not withhold and remit the required employee contributions from employee paychecks as follows:

**School Employees Retirement System (SERS):**

<b>Name</b>	<b>Amount</b>
Kelli Bishop	\$3,542 (includes the period July 1, 2022 – March 20, 2023)
Dudley Shrout	\$244

**State Teachers Retirement System (STRS):**

<b>Name</b>	<b>Amount</b>
Angie Riner	\$5,212

As a result, the employees were overpaid by the listed amounts. The District has since remitted the employee contributions for the above-named employees in the listed amounts to SERS and STRS. Of note, the corresponding employer contribution amounts of \$2,634 for SERS were also not properly remitted (the proper amounts had been remitted for STRS). The corresponding employer contribution amounts have since been remitted to SERS.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued, jointly and severally, in the amount of \$3,542 against Kelli Bishop and Treasurer Jacque Bolton and former Treasurer Lori Green in the amounts of \$2,771 and \$771, respectively, and their bonding company, Travelers Casualty and Surety Company of America, for the listed amounts. A Finding amount is also issued, jointly and severally, for \$5,212 against Angie Riner, and Treasurer Jacque Bolton and former Treasurer Lori Green in the amounts of \$2,081 and \$3,130, respectively, and their bonding company, Travelers Casualty and Surety Company of America, for the listed amounts. Additionally, a \$244 Finding amount is also issued against Treasurer Jacque Bolton. Each of the finding amounts are in favor of the Preble Shawnee Local School District's General Fund.

On June 20, 2023, Treasurer Jacque Bolton repaid the District \$244 via check no. 2079 to the credit of the District's General Fund via receipt no. 36022. As a result of this payment, the Finding for Recovery for \$244 has been repaid under audit.

On April 17, 2023, the District entered into an agreement with Kelli Bishop for repayment of the employee contribution amount owed. Per the agreement, there will be \$50 deducted from Ms. Bishop's pay, per payroll period, starting on pay date May 5, 2023, until the amount is repaid in full (pursuant to the payment schedule). As a result of this agreed-upon plan covering the amount owed, the Finding for Recovery has been resolved under audit.

**FINDING NUMBER 2022-003  
(Continued)**

In July 2022, the District entered into a repayment plan with Angie Riner for repayment of the employee contribution amount owed. The repayment plan has been acknowledged by Ms. Riner. Per the repayment plan, \$193.32 was to be deducted from Ms. Riner's pay, per payroll period, starting on pay date August 5, 2022, until the amount was repaid in full. Ms Riner has since repaid the amount in full as of July 20, 2023. As a result of this acknowledgement and performed-upon repayment plan covering the entire Finding amount owed, the Finding for Recovery has been repaid under audit.

The District should establish and implement procedures to verify that all employees are properly enrolled in the respective State Teachers Retirement System or State Employees Retirement System and that subsequent withholdings and payments are made in a timely manner to avoid interest and penalties for delinquent submissions. Failure to do so could result in potential findings for recovery being issued in future audits.

**Officials' Response:**

We will implement policies and procedures to correct this issue going forward.

**FINDING NUMBER 2022-004**

**Finding for Recovery Repaid Under Audit – SERS Interest**

*State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)* provides that expenditures made by a governmental entity should serve a public purpose. Typically the determination of "proper public purpose" rests with the governmental entity unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion No. 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only.

The District paid a total of \$316 in interest for delinquent payroll withholding submissions to the School Employees Retirement System (SERS) pertaining to two District employees (see Finding 2022-003). Interest for delinquent payroll withholding submissions to SERS are unnecessary expenditures which do not serve a proper public purpose. These charges would have been avoided had the payroll withholding submissions been remitted to SERS by the required due dates.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued in the amount of \$316 against Jacque Bolton in favor of the District's General Fund.

On June 20, 2023, Treasurer Jacque Bolton repaid the District \$316 via check no. 2079 to the credit of the District's General Fund via receipt no. 36022. As a result of this payment, the finding amount has been repaid under audit.

Management and the Board of Education should establish procedures to verify employees are properly enrolled in the School Employees Retirement System and that subsequent withholdings and payments are made in a timely manner to avoid interest fees for delinquent submissions. Failure to do so could result in potential findings for recovery being issued in future audits.

**Officials' Response:**

We will implement policies and procedures to correct this issue going forward.

**FINDING NUMBER 2022-005**

**Finding for Recovery — Employee Overpayment**

The District used the wrong number of contract days for employee Elizabeth Hildenbrand's salary during fiscal year 2022. Elizabeth Hildenbrand worked Monday through Thursday for the 2021-2022 school year; however, her pay was originally calculated as working Monday through Friday. As such, she was paid for 184 days rather than the 150 days she actually worked. As a result, Ms. Hildenbrand's pay was calculated in error paying her for days she didn't actually work and Ms. Hildenbrand was overpaid by \$3,248.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued, jointly and severally, against Elizabeth Hildenbrand and former Treasurer Lori Green and her bonding company, Travelers Casualty and Surety Company of America, in the amount of \$3,248, and in favor of Preble Shawnee Local School District's General Fund.

The District should implement procedures to verify employee payroll amounts are properly calculated. Failure to review payroll payments could result in overpayments not being detected in a timely manner and could lead to the issuance of findings for recovery being issued in future audits.

**Officials' Response:**

The person in question has been referred to the IRS to help collect these sums as they have refused contact from the district.

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

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2021-001	<b>Ohio Rev. Code §5705.14(D)</b> – Failure to make proper transfers	Fully Corrected	
2021-002	<b>Ohio Rev. Code §117.38 and Ohio Admin. Code §117-2-03(B)</b> – Failure to prepare financial statements in accordance with generally accepted accounting principles. Finding initially occurred in fiscal year 2006.	Not Corrected	Reissued as Finding 2022-001. Several years ago the School District changed to modified cash basis of accounting in order to save money. At this point it would be expensive to switch back to generally accepted accounting principles. No corrective action plan is deemed necessary.

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**CORRECTIVE ACTION PLAN**  
**CFR § 200.511(c)**  
**June 30, 2022**

- Finding Number:** 2022-001  
**Planned Corrective Action:** Several years ago the School District changed to modified cash basis of accounting in order to save money. At this point it would be expensive to switch back to generally accepted accounting principles. No corrective action is deemed necessary.  
**Anticipated Completion Date:** N/A  
**Responsible Contact Person:** Marcus Makras, Treasurer
- Finding Number:** 2022-002  
**Planned Corrective Action:** We are going to explore the possibility of hiring an external payroll service and continue to support the current payroll person through professional developments and bring in an outside resource to assist in developing supports and procedures. The use of the Shared Resource Center has been used to assist with training in the past along with SWOCA.  
**Anticipated Completion Date:** Ongoing  
**Responsible Contact Person:** Marcus Makras, Treasurer
- Finding Number:** 2022-003  
**Planned Corrective Action:** We will implement policies and procedures to correct this issue going forward.  
**Anticipated Completion Date:** Ongoing  
**Responsible Contact Person:** Marcus Makras, Treasurer
- Finding Number:** 2022-004  
**Planned Corrective Action:** We are going to explore the possibility of hiring an external payroll service and continue to support the current payroll person through professional developments and bring in an outside resource to assist in developing supports and procedures. The use of the Shared Resource Center has been used to assist with training in the past along with SWOCA.  
**Anticipated Completion Date:** Ongoing  
**Responsible Contact Person:** Marcus Makras, Treasurer
- Finding Number:** 2022-005  
**Planned Corrective Action:** The person in question has been referred to the IRS to help collect these sums as they have refused contact from the district.  
**Anticipated Completion Date:** Ongoing  
**Responsible Contact Person:** Marcus Makras, Treasurer

# OHIO AUDITOR OF STATE KEITH FABER



**PREBLE SHAWNEE LOCAL SCHOOL DISTRICT**

**PREBLE 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 9/28/2023**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)