OHIO AUDITOR OF STATE
KEITH FABER

TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY
JUNE 30, 2022

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ATHENS COUNTY
JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Trimble Local School District
Athens County
1 Tomcat Drive
Glouster, Ohio 45732

To the Board of Education:

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Trimble Local School District, Athens County, Ohio, as of June 30, 2022, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund and ESSER Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedules of the District's Proportionate Share of Net Pension and Other Post-Employment Benefit Liabilities and Pension and Other Post-Employment Benefit Schedules of District Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards (the Schedule) as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

May 23, 2023

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The management discussion and analysis of the Trimble Local School District's (the District) financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- The assets and deferred outflows of Trimble Local School District exceeded its liabilities and deferred inflows at June 30, 2022 by $6,555,768. Of this amount, $12,648,007 represents net investment in capital assets and net position amounts restricted for specific purposes. The remaining deficit of $6,092,239 represents unrestricted net position.

- In total, net position of governmental activities increased by $1,470,923 which represents a 28.9 percent increase from 2021.

- General revenues accounted for $10,760,361 or 67.3 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $5,224,650 or 32.7 percent of total revenues of $15,985,011.

- The District had $14,514,088 in expenses related to governmental activities; only $5,224,650 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes and grants and entitlements) of $10,760,361 were sufficient to provide for the remainder of these programs.

- The District recognizes two major governmental funds: the General Fund and ESSER Fund. In terms of dollars received and spent, the General Fund is significantly larger than all the other funds of the District combined. The General Fund had $12,675,431 in revenues and $12,101,696 in expenditures in fiscal year 2022.

Using this Annual Report

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

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

Reporting the District as a Whole

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. The Statement of Net Position and Statement of Activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major funds begins on page 13. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund and ESSER Fund.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into one of two categories: governmental and fiduciary funds.

Governmental Funds

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

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

Fiduciary Funds

The District's fiduciary funds consist of a private purpose trust fund. The District's fiduciary funds are reported in separate financial statements. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Private purpose trust funds are held in a trustee capacity for individuals, private organizations, or other governments. Fiduciary funds use the accrual basis of accounting.

Notes to the Basic Financial Statements

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

Government-Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of the District as a whole, showing assets, deferred outflows of resources, liabilities and deferred inflows of resources, and the difference between them (net position). Table 1 provides a summary of the District's net position for fiscal year 2022 compared to fiscal year 2021:

Table 1

Net Position at Year End

	Governmental Activities		
	2022	2021	Change
Assets:			
Current and Other Assets	$9,333,731	$9,843,915	($510,184)
Net OPEB Asset	835,277	704,467	130,810
Capital Assets, Net	12,500,046	11,460,543	1,039,503
Total Assets	22,669,054	22,008,925	660,129
Deferred Outflows of Resources:			
Pension	3,055,034	2,730,955	324,079
OPEB	491,641	502,062	(10,421)
Total Deferred Outflows of Resources	3,546,675	3,233,017	313,658
Liabilities:			
Current and Other Liabilities	1,942,215	1,387,741	554,474
Long-Term Liabilities:			
Due Within One Year	285,068	350,039	(64,971)
Due in More than One Year:			
Net Pension Liability	7,276,629	13,486,063	(6,209,434)
Net OPEB Liability	1,145,167	1,253,219	(108,052)
Other Amounts	750,570	903,996	(153,426)
Total Liabilities	11,399,649	17,381,058	(5,981,409)
Deferred Inflows of Resources:			
Property Taxes	894,079	1,131,332	(237,253)
Pension	5,680,738	103,576	5,577,162
OPEB	1,685,495	1,541,131	144,364
Total Deferred Inflows of Resources	8,260,312	2,776,039	5,484,273
Net Position:			
Net Investment in Capital Assets	12,105,200	10,863,055	1,242,145
Restricted	542,807	934,884	(392,077)
Unrestricted	(6,092,239)	(6,713,094)	620,805
Total Net Position	$6,555,768	$5,084,845	$1,470,923

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

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability and net OPEB liability*. GASB Statements No. 68 and 75 takes an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

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

Current and other assets decreased $510,184 from fiscal year 2022 due to a decrease in cash and property taxes receivable. Capital assets increased by $1,039,503, due to current year capital asset additions exceeding depreciation.

Current (other) liabilities increased by $554,474 or 40.0 percent, due to increases in accrued wages and benefits and contracts payable.

Long-term liabilities decreased by $6,535,883 or 40.87 percent, due primarily to the decrease in net pension liabilities due to actuarial measurements done by the retirement systems. Additional information can be found in Note 11.

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

The District's smallest portion of net position is unrestricted, and carries a deficit balance of $6,092,239. Unrestricted net position represents resources that may be used to meet the District's ongoing obligations to its students and creditors.

The remaining balance of $542,807 is restricted net position. The restricted net position is subject to external restrictions on how they may be used.

Table 2 shows the changes in net position for fiscal year 2022 and provides a comparison to fiscal year 2021.

Table 2
Changes in Net Position

	Governmental Activities		
	2022	2021	Change
Revenues:			
Program Revenues:			
Charges for Services and Sales	$524,257	$671,398	($147,141)
Operating Grants and Contributions	4,700,393	3,459,941	1,240,452
General Revenues:			
Property Taxes	1,062,274	1,124,329	(62,055)
Unrestricted Grants and Entitlements	9,263,035	9,414,143	(151,108)
Payments in Lieu of Taxes	9,471	2,820	6,651
Investment Earnings	369,480	156,444	213,036
Miscellaneous	56,101	240,544	(184,443)
Total Revenues	15,985,011	15,069,619	915,392
Expenses:			
Instruction:			
Regular	$5,382,730	$6,250,373	($867,643)
Special	2,496,385	2,793,189	(296,804)
Student Intervention Services	160,866	0	160,866
Other	25,144	132,014	(106,870)
Support Services:			
Pupils	696,255	730,440	(34,185)
Instructional Staff	752,446	761,121	(8,675)
Board of Education	326,531	221,155	105,376
Administration	1,227,000	1,273,716	(46,716)
Fiscal	276,298	294,127	(17,829)
Operation and Maintenance of Plant	1,207,395	1,374,817	(167,422)
Pupil Transportation	757,696	771,664	(13,968)
Central	8,841	13,469	(4,628)
Operation of Non-Instructional Services:			
Food Services	775,614	743,003	32,611
Community Services	31,850	94,515	(62,665)
Extracurricular Activities	355,033	241,474	113,559
Interest and Fiscal Charges	34,004	45,047	(11,043)
Total Expenses	14,514,088	15,740,124	(1,226,036)
Change in Net Position	1,470,923	(670,505)	2,141,428
Net Position at Beginning of Year	5,084,845	5,755,350	(670,505)
Net Position at End of Year	$6,555,768	$5,084,845	$1,470,923

The most significant program expenses for the District are Regular Instruction, Special Instruction, Administration, Operation and Maintenance of Plant, and Operation of Non-Instructional Services. These programs account for 76.62 percent of the total governmental activities. Regular Instruction, which accounts for 37.09 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 17.20 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Administration, which represents 8.45 percent of the total, represents costs associated with the overall administrative responsibility for each building and the District as a whole. Operation and Maintenance of Plant, which represents 8.32 percent of the total, represent costs associated with operating and maintaining the District's facilities. Operation of Non-Instructional Services, which represents 5.56 percent of the total, represents costs associated with activities concerned with providing non-instructional services to students, staff or the community.

As noted previously, the net position for the governmental activities increased $1,470,923 or 28.93 percent. This is a change from last year when net position decreased $670,505 or 11.65 percent. Total revenues increased $915,392, or 6.07 percent from last year and expenses decreased $1,226,036 or 7.79 percent from last year.

The District had a program revenue increase of $1,093,311 and a decrease in general revenue of $177,919. The increase in program revenue is due primarily to an increase in operating grants and contributions and the decrease in general revenue is due mostly to decreases in unrestricted grants and entitlements, miscellaneous revenue, and property taxes.

The total expenses for governmental activities decreased $1,226,036 or 7.79 percent, primarily due to decreases in regular instruction, special instruction, and operation and maintenance of plant. These decreases are the result of the District's attempts to control spending.

Governmental Activities

Over the past several fiscal years, the District has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The District is heavily dependent on property taxes and intergovernmental revenue and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 6.65 percent and intergovernmental revenue made up 87.35 percent of the total revenue for the governmental activities in fiscal year 2022.

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

The District's intergovernmental revenue consists primarily of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2022, the District received $10,579,143 through the State's foundation program, which represents 66.18 percent of the total revenue for the governmental activities. The District relies heavily on this state funding to operate at the current levels of service.

Instruction accounts for 55.57 percent of governmental activities program expenses. Support services expenses make up 36.19 percent of governmental activities expenses. The Statement of Activities shows the cost of program services and charges for services and grants offsetting those services.

Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2022 compared with fiscal year 2021. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Net Cost of Governmental Activities

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
Program Expenses:				
Instruction	$8,065,125	$4,817,156	$9,175,576	$6,345,703
Support Services	5,252,462	4,134,337	5,440,509	4,691,066
Operation of Non-Instructional Services	807,464	66,631	837,518	323,123
Extracurricular Activities	355,033	237,310	241,474	203,846
Interest and Fiscal Charges	34,004	34,004	45,047	45,047
Total Expenses	$14,514,088	$9,289,438	$15,740,124	$11,608,785

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting (See Note 2 for discussion of significant accounting policies). All governmental funds had total revenues and other financing sources of $16,949,180 and expenditures and other financing uses of $17,317,953.

The fund balances of the total governmental funds decreased by $368,773 or 5.77 percent. The fund balance for the year in the General Fund increased $68,735 or 1.14 percent and was primarily the result of an increase in revenues and a decrease in expenditures during the current year. The fund balance in the ESSER Fund decreased $207,124 or 76.39 percent, which was the result of revenues exceeding expenditures during the current year.

The District should remain stable in fiscal years 2023 and 2024. However, projections beyond fiscal year 2024 show the District may be unable to meet inflationary cost increases in the long-term without additional tax levies or a meaningful change in state funding of public schools as directed by the Ohio Supreme Court.

Budget Highlights - General Fund

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

During the course of fiscal year 2022, the District amended its General Fund budget one time. The District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisors' flexibility for site management.

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

For the General Fund, the final budget basis revenue was $11,647,695, representing a $504,305 decrease or 4.15 percent from the original budget estimate of $12,152,000. The final budget basis expenditures were $12,355,008, representing a decrease of $828,996 or 6.29 percent from the original budget basis expenditures of $13,184,004. The decrease was primarily due to decreases in regular instruction, special instruction, and operation and maintenance of plant.

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Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the District had $29,584,558 invested in land, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles, of which all was in governmental activities. That total carries an accumulated depreciation of $17,084,512. Table 4 shows fiscal year 2022 balances compared to fiscal year 2021.

Table 4
Capital Assets & Accumulated Depreciation at Year End

	Governmental Activities	
	2022	2021
Nondepreciable Capital Assets:		
Land	$55,370	$55,370
CIP	478,255	0
Depreciable Capital Assets:		
Land Improvements	2,463,342	1,765,227
Buildings and Improvements	23,484,107	22,927,841
Furniture, Fixtures and Equipment	1,755,616	1,655,646
Vehicles	1,347,868	1,402,188
Total Capital Assets	29,584,558	27,806,272
Less Accumulated Depreciation:		
Land Improvements	917,086	842,197
Buildings and Improvements	13,848,147	13,345,926
Furniture, Fixtures and Equipment	1,295,431	1,201,738
Vehicles	1,023,848	955,868
Total Accumulated Depreciation	17,084,512	16,345,729
Capital Assets, Net	$12,500,046	$11,460,543

More detailed information pertaining to the District's capital asset activity can be found in Note 9 of the notes to the basic financial statements.

Debt Administration

At June 30, 2022, the District had $501,153 in general obligation debt outstanding with $149,707 due within one year. Table 5 summarizes the bonds outstanding for fiscal year 2022 compared to fiscal year 2021.

Table 5
Outstanding Debt, Governmental Activities at Year End

Purpose	2022	2021
2006 Bond Refinancing	$70,000	$135,000
Department of Administration Services Loan	131,443	149,482
Energy Optimizers Loan	299,710	357,127
Total	$501,153	$641,609

More detailed information pertaining to the District's long-term debt activity can be found in Note 14 of the notes to the basic financial statements.

Current Issues

The goal of the District continues to be; to maintain the highest standards of service to our students, parents, and community. In keeping with its mission statements, the Board of Education has adopted a Comprehensive Continuous School Improvement Plan. The goal is ultimately to narrow the gap between the highest and lowest achieving students leading to total academic success.

The mission of the District is to ensure that all students reach their fullest potential by using the best physical and human resources in partnership with family and community. In an effort to meet the goals and mission stated above, it is imperative that the District's management and staff continue to carefully and prudently plan in order to provide the resources and education required to meet student needs over the next several years.

The financial stability of the District is not without its challenges. The District must rely heavily on State Aide to fund its operations. The State of Ohio enacted an entirely new funding formula for Fiscal Year 2022, changing from the frozen Fiscal Year 2019 budget figures to a fund students where educated model. This is a significant change from previous funding formulas and returning school funding from a frozen formula to a dynamic funding formula based on actual student counts.

Overall, enrollment data for the District is still in a downward trend with the exception of Fiscal Year 2022 where the district has seen an increase is enrollment. However, the District is exhibiting lower than average birthrates, combining this with two relatively large graduating classes in Fiscal Year 2022 and Fiscal Year 2024, it is expected that the downward trend will continue.

The District has developed plans to expend the ESSER, ESSER II, ARP ESSER as well as ARP-IDEA funds that have been provided by the Federal Government to combat COVID-19. These funds will be utilized the minimize the learning loss that occurred during the last two school years due to the changes that occurred to the education model caused by the pandemic. The Funds will also allow the District to complete its HVAC retrofit ahead of schedule which will enhance the indoor air quality and safety in the District's buildings.

As part of general maintenance and upkeep, the District is exploring options of renovating its bathrooms as well as gathering information on building a new bus garage to replace its aging garage.

Contacting the District's Financial Management

This financial report is designed to provide out citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Kevin Simmons, Treasurer/CFO, Trimble Local School District, One Tomcat Drive, Glouster, Ohio 45732-9335.

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TRIMBLE LOCAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2022

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	$6,873,281
Cash and Cash Equivalents in Segregated Accounts	250
Property Taxes Receivable	1,400,345
Intergovernmental Receivable	1,031,138
Inventory Held for Resale	8,397
Materials and Supplies Inventory	20,320
Net OPEB Asset	835,277
Nondepreciable Capital Assets	533,625
Depreciable Capital Assets, Net	11,966,421
Total Assets	22,669,054
Deferred Outflows of Resources:	
Pension	3,055,034
OPEB	491,641
Total Deferred Outflows of Resources	3,546,675
Liabilities:	
Accounts Payable	29,422
Accrued Wages and Benefits	1,076,195
Contracts Payable	659,757
Intergovernmental Payable	174,828
Accrued Interest Payable	2,013
Long-Term Liabilities:	
Due within One Year	285,068
Due in More Than One Year:	
Net Pension Liability	7,276,629
Net OPEB Liability	1,145,167
Other Amounts Due in More Than One Year	750,570
Total Liabilities	11,399,649
Deferred Inflows of Resources:	
Property Taxes	894,079
Pension	5,680,738
OPEB	1,685,495
Total Deferred Inflows of Resources	8,260,312
Net Position:	
Net Investment in Capital Assets	12,105,200
Restricted for:	
Capital Outlay	150,257
Debt Service	74,687
Other Purposes	317,863
Unrestricted	(6,092,239)
Total Net Position	$6,555,768

See accompanying notes to the basic financial statements and accountant's report.

TRIMBLE LOCAL SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2022

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$5,382,730	$391,871	$1,053,353	($3,937,506)
Special	2,496,385	0	1,522,210	(974,175)
Vocational	0	0	5,715	5,715
Student Intervention Services	160,866	0	274,820	113,954
Other	25,144	0	0	(25,144)
Support Services:				
Pupils	696,255	0	52,413	(643,842)
Instructional Staff	752,446	0	454,722	(297,724)
Board of Education	326,531	0	0	(326,531)
Administration	1,227,000	0	0	(1,227,000)
Fiscal	276,298	0	0	(276,298)
Operation and Maintenance of Plant	1,207,395	0	42,458	(1,164,937)
Pupil Transportation	757,696	0	568,532	(189,164)
Central	8,841	0	0	(8,841)
Operation of Non-Instructional Services:				
Food Service	775,614	14,663	726,170	(34,781)
Community Service	31,850	0	0	(31,850)
Extracurricular Activities	355,033	117,723	0	(237,310)
Interest and Fiscal Charges	34,004	0	0	(34,004)
Total Governmental Activities	$14,514,088	$524,257	$4,700,393	(9,289,438)

General Revenues:	
Property Taxes Levied for:	
General Purposes	1,013,195
Debt Service	33,555
Capital Maintenance	15,524
Grants and Entitlements not Restricted to Specific Programs	9,263,035
Payments in Lieu of Taxes	9,471
Investment Earnings	369,480
Miscellaneous	56,101
Total General Revenues	10,760,361
Change in Net Position	1,470,923
Net Position at Beginning of Year	5,084,845
Net Position at End of Year	$6,555,768

See accompanying notes to the basic financial statements and accountant's report.

TRIMBLE LOCAL SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2022

	General	ESSER	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	$6,329,983	$0	$543,298	$6,873,281
Cash and Cash Eqivalents in Segregated Accounts	0	0	250	250
Property Taxes Receivable	1,383,003	0	17,342	1,400,345
Interfund Receivable	704,568	0	0	704,568
Intergovernmental Receivable	2,321	831,501	197,316	1,031,138
Inventory Held for Resale	0	0	8,397	8,397
Materials and Supplies Inventory	17,463	0	2,857	20,320
Total Assets	$8,437,338	$831,501	$769,460	$10,038,299
Liabilities:				
Accounts Payable	$26,123	$0	$3,299	$29,422
Accrued Wages and Benefits	888,251	77,795	110,149	1,076,195
Contracts Payable	2,600	657,157	0	659,757
Intergovernmental Payable	154,340	15,046	5,442	174,828
Interfund Payable	0	559,758	144,810	704,568
Total Liabilities	1,071,314	1,309,756	263,700	2,644,770
Deferred Inflows of Resources:				
Property Taxes	1,246,072	0	15,532	1,261,604
Intergovernmental	2,321	0	107,244	109,565
Total Deferred Inflows of Resources	1,248,393	0	122,776	1,371,169
Fund Balances:				
Nonspendable	17,463	0	2,857	20,320
Restricted	0	0	567,677	567,677
Assigned	1,467,916	0	0	1,467,916
Unassigned	4,632,252	(478,255)	(187,550)	3,966,447
Total Fund Balances	6,117,631	(478,255)	382,984	6,022,360
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$8,437,338	$831,501	$769,460	$10,038,299

See accompanying notes to the basic financial statements and accountant's report.

TRIMBLE LOCAL SCHOOL DISTRICT

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2022

Total Governmental Funds Balances		$6,022,360
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 and therefore are not reported in the funds.		12,500,046
Some of the District's receivables will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. These receivables consist of:		
Property taxes	367,525	
Intergovernmental	109,565	
Total receivables that are deferred in the funds		477,090
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:		
General obligation bonds	(70,000)	
Ohio Department of Administrative Services energy loan	(131,443)	
Energy Optimizer loan	(299,710)	
Accrued interest on bonds	(2,013)	
Capital leases	(25,136)	
Compensated absences	(509,349)	
Total liabilities not reported in funds		(1,037,651)
The net pension/OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	3,055,034	
Deferred Outflows - OPEB	491,641	
Deferred Inflows - Pension	(5,680,738)	
Defferred Inflows - OPEB	(1,685,495)	
Net OPEB Asset	835,277	
Net Pension Liability	(7,276,629)	
Net OPEB Liability	(1,145,167)	
Total		(11,406,077)
Net Position of Governmental Activities		$6,555,768

See accompanying notes to the basic financial statements and accountant's report.

TRIMBLE LOCAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2022

	General	ESSER	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	$1,079,094	$0	$48,525	$1,127,619
Intergovernmental	10,770,708	1,957,883	1,610,161	14,338,752
Interest	75,355	0	494	75,849
Increase (Decrease) in Fair Value of Investments	293,631	0	0	293,631
Tuition and Fees	380,095	0	0	380,095
Extracurricular Activities	717	0	117,006	117,723
Gifts and Donations	12,000	0	6,500	18,500
Customer Sales and Services	11,776	0	14,663	26,439
Payments in Lieu of Taxes	9,471	0	0	9,471
Miscellaneous	42,584	0	13,517	56,101
Total Revenues	12,675,431	1,957,883	1,810,866	16,444,180
Expenditures:				
Current:				
Instruction:				
Regular	4,187,908	560,223	474,565	5,222,696
Special	2,026,106	0	576,258	2,602,364
Student Intervention Services	1,040	159,826	0	160,866
Other	45,536	0	0	45,536
Support Services:				
Pupils	636,947	0	70,662	707,609
Instructional Staff	331,405	218,111	208,525	758,041
Board of Education	336,082	0	0	336,082
Administration	1,242,766	11,097	4,213	1,258,076
Fiscal	297,163	0	1,186	298,349
Operation and Maintenance of Plant	1,224,283	24,692	60,957	1,309,932
Pupil Transportation	666,524	17,005	3,945	687,474
Operation of Non-Instructional Services	0	12,199	753,839	766,038
Extracurricular Activities	281,203	0	102,411	383,614
Capital Outlay	638,867	1,161,854	220,333	2,021,054
Debt Service:				
Principal Retirement	155,681	0	65,000	220,681
Interest and Fiscal Charges	30,185	0	4,356	34,541
Total Expenditures	12,101,696	2,165,007	2,546,250	16,812,953
Excess of Revenues Over (Under) Expenditures	573,735	(207,124)	(735,384)	(368,773)
Other Financing Sources (Uses):				
Transfers In	0	0	505,000	505,000
Transfers Out	(505,000)	0	0	(505,000)
Total Other Financing Sources (Uses)	(505,000)	0	505,000	0
Net Change in Fund Balances	68,735	(207,124)	(230,384)	(368,773)
Fund Balances at Beginning of Year	6,048,896	(271,131)	613,368	6,391,133
Fund Balances at End of Year	$6,117,631	($478,255)	$382,984	$6,022,360

See accompanying notes to the basic financial statements and accountant's report.

TRIMBLE LOCAL SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds		($368,773)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciaton in the current period.		1,039,503
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of:		
Property taxes	(65,345)	
Intergovernmental	(393,824)	
Total revenues not reported in the funds		(459,169)
Repayment of bond principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		220,681
In the Statement of Activities, interest is accrued on outstanding bonds and bond accretion is amortized over the term of the bonds, whereas in governmental funds, and interest expenditure is reported when due:		
Interest on bonds		537
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Compensated absences		(2,284)
Contractually required contributions are reported as expenditures in governmental funds; however, the Atatement of Activities reports these amounts as deferred outflows.		1,167,505
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities.		(127,077)
Change in Net Position of Governmental Activities		$1,470,923

See accompanying notes to the basic financial statements and accountant's report.

TRIMBLE LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures 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	
Revenues:				
Property Taxes	$885,000	$1,061,100	$1,061,100	$0
Intergovernmental	10,514,000	10,075,790	10,770,708	694,918
Interest	85,000	75,355	75,355	0
Tuition and Fees	590,000	379,474	380,095	621
Extracurricular Activities	4,000	717	717	0
Gifts and Donations	8,500	6,000	12,000	6,000
Customer Sales and Services	10,500	10,796	11,776	980
Payment in Lieu of Taxes	3,000	4,003	9,471	5,468
Miscellaneous	52,000	34,460	37,012	2,552
Total Revenues	12,152,000	11,647,695	12,358,234	710,539
Expenditures:				
Current:				
Instruction:				
Regular	5,159,328	4,317,147	4,317,147	0
Special	2,155,851	2,029,801	2,029,801	0
Vocational	5,000	0	0	0
Student Intervention Services	5,000	1,040	1,040	0
Other	130,000	36,494	36,494	0
Support Services:				
Pupils	756,582	649,862	649,862	0
Instructional Staff	412,485	357,390	357,390	0
Board of Education	336,877	341,249	341,249	0
Administration	1,283,575	1,270,206	1,270,206	0
Fiscal	301,200	284,682	284,682	0
Operation and Maintenance of Plant	1,375,050	1,294,385	1,294,385	0
Pupil Transportation	773,077	669,159	669,159	0
Extracurricular Activities	325,099	284,280	284,280	0
Capital Outlay	142,380	799,824	799,824	0
Debt Service:				
Principal	20,000	18,402	18,402	0
Interest	2,500	1,087	1,087	0
Total Expenditures	13,184,004	12,355,008	12,355,008	0
Excess of Revenues Over (Under) Expenditures	(1,032,004)	(707,313)	3,226	710,539
Other Financing Sources (Uses):				
Advances Out	0	(83,561)	(83,561)	0
Proceeds from the Sale of Capital Assets	0	5,572	5,572	0
Other Financing Uses	(1,500,000)	0	0	0
Transfers Out	(750,000)	(505,000)	(505,000)	0
Total Other Financing Sources (Uses)	(2,250,000)	(582,989)	(582,989)	0
Net Change in Fund Balances	(3,282,004)	(1,290,302)	(579,763)	710,539
Fund Balance at Beginning of Year	7,092,724	7,092,724	7,092,724	0
Prior Year Encumbrances Appropriated	48,555	48,555	48,555	0
Fund Balance at End of Year	$3,859,275	$5,850,977	$6,561,516	$710,539

See accompanying notes to the basic financial statements and accountant's report.

TRIMBLE LOCAL SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
ESSER
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental	$1,840,164	$4,808,101	$1,216,426	($3,591,675)
Total Revenues	1,840,164	4,808,101	1,216,426	(3,591,675)
Expenditures:				
Current:				
Instruction:				
Regular	101	517,368	517,368	0
Student Intervention Services	998,873	159,826	159,826	0
Support Services:				
Pupils	15,300	0	0	0
Instructional Staff	30,793	216,608	216,608	0
Administration	0	11,097	11,097	0
Operation and Maintenance of Plant	24,808	24,692	24,692	0
Pupil Transportation	48,581	37,657	37,657	0
Operation of Non-Instructional/Shared Services	35,281	10,783	10,783	0
Capital Outlay	186,061	1,698,821	1,698,821	0
Total Expenditures	1,339,798	2,676,852	2,676,852	0
Excess of Revenues Over (Under) Expenditures	500,366	2,131,249	(1,460,426)	(3,591,675)
Net Change in Fund Balances	500,366	2,131,249	(1,460,426)	(3,591,675)
Fund Balance at Beginning of Year	(338,099)	(338,099)	(338,099)	0
Prior Year Encumbrances Appropriated	122,361	122,361	122,361	0
Fund Balance at End of Year	$284,628	$1,915,511	($1,676,164)	($3,591,675)

See accompanying notes to the basic financial statements and accountant's report.

TRIMBLE LOCAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2022

	Private Purpose Trust
Assets:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$35,608
Total Assets	$35,608
Liabilities:	
Current Liabilities:	
Accounts Payable	$1,325
Total Liabilities	1,325
Net Position:	
Held in Trust for Scholarships	34,283
Total Net Position	$34,283

See accompanying notes to the basic financial statements and accountant's report.

TRIMBLE LOCAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

For the Fiscal Year Ended June 30, 2022

	Private Purpose Trust
Additions:	
Gifts and Contributions	$160
Interest	620
Total Additions	780
Deductions:	
Payment in Accordance with Trust Agreement	2,625
Total Deductions	2,625
Change in Net Position	(1,845)
Net Position at Beginning of Year	36,128
Net Position at End of Year	$34,283

See accompanying notes to the basic financial statements and accountant's report.

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

Trimble Local School District (the "District") is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by State statute and/or federal guidelines.

The District serves an area of approximately 39 square miles. It is located in Athens County. It is staffed by 47 non-certificated employees, 68 certificated full-time teaching personnel, and 14 administrative employees who provide services to 742 students and other community members. The District currently operates three instructional buildings, a bus garage, and an athletic complex.

Reporting Entity

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

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

The District is associated with six organizations, three of which are defined as jointly governed organizations, two as insurance purchasing pools and one as a claims servicing pool. These organizations are the META Solutions Inc., the Tri-County Career Center, the Coalition of Rural and Appalachian Schools, Ohio Coalition for Equity and Adequacy of School Funding, the Sheakley Workers' Compensation Group Rating Program, and the Athens County School Employee Health and Welfare Benefit Association. These organizations are presented in Notes 20 and 21 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the 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.

B. Fund Accounting

The 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 District fall within two categories: governmental and fiduciary.

Governmental Funds

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

The following are the District's major governmental funds:

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

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

ESSER Fund- This fund is used to account for federal monies received as part of the CARES Act relief funding. These funds are to be used for unforeseen costs that are the result of student instruction during the Coronavirus Pandemic.

The other governmental funds of the District accounts for grants and other resources of the District whose use is restricted to a particular purpose, for financial resources to be used for the acquisition, construction or improvement of capital facilities other than those financed by proprietary and trust funds; and for the accumulation of resources for and the replacement of general long-term debt principal, interest and related costs.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Custodial funds are custodial in nature and used to account for assets held by the District for individuals, organizations or other governments without a trust agreement. The District's fiduciary funds include a private purpose trust fund that accounts for a trust held for scholarships.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the Statement of Net Position. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

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

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources related to pension and OPEB are explained in Notes 11 and 12.

In addition to the liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the District, deferred inflows of resources include property taxes, grants, pension and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of June 30 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and the governmental fund financial statements. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Unavailable revenue is reported only on the governmental funds Balance Sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes intergovernmental grants. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. (See Notes 11 and 12)

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

Expenses/Expenditures

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

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

E. Cash and Cash Equivalents

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

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

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $25 million. STAR Ohio reserves the right to limit the transaction to $100 million, requiring the excess amount be transacted the following business day(s), but only to the $100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2022 amounted to $75,355, which includes $3,886 assigned from other District funds.

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

F. Inventory

On government-wide financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable materials and supplies held for consumption and donated and purchased food. The cost of inventory items is recorded as expenditure in the governmental fund types when consumed or used.

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

G. Prepaid Items

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

H. Capital Assets

General capital assets are associated with and generally arise from governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of two thousand dollars. The District does not possess any infrastructure.

Improvements are capitalized; the normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Any interest incurred during the construction of capital assets is also capitalized.

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

Description	Estimated Lives
Land Improvements	50 years
Buildings and Improvements	50 years
Furniture, Fixtures and Equipment	5 – 20 years
Vehicles	8 years

I. Interfund Balances

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

J. Compensated Absences

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

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for classified and certified employees and administrators who have at least 5 years of service with the District.

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

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

K. Pensions

For purposes of measuring the net pension/OPEB liability, 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.

L. Accrued Liabilities and Long-Term Liabilities

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

M. Net Position

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

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. No net position is restricted by enabling legislation.

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

N. Fund Balance Classifications

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.

Restricted – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal ordinances or resolutions of the Board of Education – the District's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements and includes amounts not contained in the other classifications.

Assigned – amounts constrained by the District's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board of Education, Superintendent and Treasurer have the authority to assign amount to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions. The District has established a Fund Balance Policy to assure they maintain sufficient Fund Balance. The amount is determined annually at the Regular Board meeting held in July. For fiscal year 2022, the minimum fund balance was approved at $1.2 million.

O. Interfund Transactions

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

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

P. Estimates

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

Q. Budgetary Process

All funds, other than the custodial fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The District Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund and function.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2022.

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

NOTE 3 - NEW GASB PRONOUNCEMENTS

For the fiscal year ended June 30, 2022, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases,* certain provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates,* certain provisions of GASB Statement No. 97*, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32,* and certain provisions in GASB Statement No. 99, *Omnibus 2022.*

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The implementation of GASB Statement No. 87 did not have an effect on the financial statements of the District.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of paragraphs 11b, 13 and 14 of GASB Statement No. 93 did not have an effect on the financial statements of the District.

***NOTE 3 - NEW GASB PRONOUNCEMENTS* - (Continued)**

GASB Statement No. 97 requirements that are related to a) the accounting and financial reporting for Section 457 plans and b) determining whether a primary government is financially accountable for a potential component unit were implemented for fiscal year 2022. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the District.

GASB Statement No. 99 enhances comparability in the application of accounting and financial reporting requirements and will improve consistency of authoritative literature. The implementation of certain provisions of GASB Statement No. 99 did not have an effect on the financial statements of the District.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

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

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

4. Advances-in and advances-out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

5. Certain funds are maintained as separate funds for accounting and budgetary purposes (budget basis) but do not meet the criteria for separate reporting in the financial statements (GAAP basis) and are reported in the General Fund in accordance with GASB Statement No. 54.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance	General	ESSER
GAAP Basis	$68,735	($207,124)
Adjustments:		
Revenue Accruals	(311,625)	(741,457)
Expenditure Accruals	454,151	604,562
Encumbrances	(202,463)	(1,116,407)
Other Uses	(588,561)	0
Budget Basis	($579,763)	($1,460,426)

NOTE 5 - ACCOUNTABILITY

Fund balances at June 30, 2022 included the following individual fund deficits:

Fund	Amount
Nonmajor Special Revenue Funds:	
ESSER	$478,255
Lunchroom	27,177
Title VI-B	60,231
Title I	97,247
Title II-A	38

The deficits in these funds are the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur. These deficits do not exist on the cash basis.

NOTE 6 - <u>EQUITY IN POOLED CASH AND CASH EQUIVALENTS</u>

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

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

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

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

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

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

(1) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;

(2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government 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, Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

(3) Written repurchase agreements in the securities listed above, provided that the fair 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 fair value daily, and that the term of the agreement must not exceed thirty days;

(4) Bonds and other obligations of the State of Ohio and with certain limitations bonds including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

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

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

(7) 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 from the date of purchase in an amount not to exceed forty percent of the interim monies available for investment at any one time; if training requirements have been met.

NOTE 6 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS – (Continued)

(8) Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

Investments in stripped principal or interest obligation 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 District, and must be purchased with the expectation that it will be held to maturity.

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

Investments

Investments are reported at fair value. As of June 30, 2022, the District had the following investment and maturity:

Measurement/Investment Type	Measurement Value	Less Than One Year	One to Two Years	Three to Five Years
Amortized Costs:				
First American Funds	$167,946	$167,946	$0	$0
Fair Value:				
Commercial Paper	2,533,415	942,168	1,591,247	0
Federal National Mortgage Association	249,968	249,968	0	0
Federal Mortgage CC	165,526	0	0	165,526
Federal Home Loan Bank Bonds	1,156,768	148,754	149,967	858,047
U.S. Treasury Notes	389,629	0	0	389,629
Municipal Bonds	332,315	0	332,315	0
Total	$4,995,567	$1,508,836	$2,073,529	$1,413,202

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above chart identifies the District's recurring fair value measurements as of June 30, 2022. The District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk–The District has no investment policy that addresses interest rate risk. 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 District, and that an investment must be purchased with the exception that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

NOTE 6 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS – (Continued)

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District limits its investments to those authorized by state statute. Moody's Investor Services rated commercial paper at P-1, Standard and Poor's has assigned STAROhio a rating of "AAAm" and for the Federal National Mortgage Association, Federal Mortgage CC, and Federal Home Loan Bank Bonds a rating of "A-1." Municipal Bonds had ratings by Moody's Investor Services ranging from Aaa to Aa1. Credit ratings for negotiable CD's are not readily available. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers' acceptances to 25 percent of the interim monies available for investment at any one time. The District's investments in First American Funds, Commercial Paper, Federal National Mortgage Association, Federal Mortgage CC, Federal Home Loan Bank Bonds, U.S. Treasury Notes and Municipal Bonds were 3%, 51%, 5%, 3%, 23%, 8%, and 7%, respectively, of the District's total investments.

Custodial Credit Risk - For investments, custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities in the possession of an outside party. The District has no investment policy dealing with investments custodial credit risk beyond the requirements in the state statute that prohibits payment for investments prior to the delivery of the securities representing such investment to the treasurer or qualified trustee.

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31, of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property are required to be revalued every six years.

Real property taxes are paid by taxpayers annually or semi-annually. If paid annually, payment is due December 31, unless extended; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20, unless extended. Under certain circumstances, State statute permits earlier or later 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 District receives property taxes from Athens and Morgan Counties. The County Auditors periodically advances to the District their portion of the taxes collected. Second-half real property tax payments collected by Athens/Morgan 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.

NOTE 7 - PROPERTY TAXES – (Continued)

Accrued property taxes receivables represent delinquent taxes outstanding and real property and public utility taxes which became measurable as of June 30, 2022. Although total property tax collections for the fiscal year are measurable, only the amount available as an advance at June 30, 2022 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amounts available as an advance at June 30, 2022 were $136,931 for the General Fund, $2,099 for the Classroom Facilities Maintenance Nonmajor Special Revenue Fund and $4,740 for the Bond Retirement Nonmajor Debt Service Fund.

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

	2021 First Half Collections		2022 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$43,813,790	81.44%	$43,667,310	79.48%
Public Utility Personal	9,984,850	18.56%	11,273,340	20.52%
Total Assessed Value	$53,798,640	100.00%	$54,940,650	100.00%
Tax rate per $1,000 of assessed valuation	$34.34		$28.65	

NOTE 8 - RECEIVABLES

Receivables at June 30, 2022, consisted of property taxes, intergovernmental grants, and interfund. The District believes that all receivables are considered fully collectible within one year due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

Fund	Amount
General Fund	$2,321
ESSER Fund	831,501
Nonmajor Special Revenue Funds:	
Title VI-B	42,376
Supplemental School Improvement	
Title I	154,231
Handicapped Preschool Grant	671
Title II-A	38
Total Nonmajor Special Revenue Funds	197,316
Total Intergovernmental Receivables	$1,031,138

NOTE 9 - CAPITAL ASSETS

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

Asset Category	Balance at July 1, 2021	Additions	Deductions	Balance at June 30, 2022
Nondepreciable Capital Assets:				
Land	$55,370	$0	$0	$55,370
Construction in Progress	0	478,255	0	478,255
Total Nondepreciable Capital Assets	55,370	478,255	0	533,625
Depreciable Capital Assets:				
Land Improvements/Infrastructure	1,765,227	698,115	0	2,463,342
Buildings and Improvements	22,927,841	556,266	0	23,484,107
Furniture, Fixtures and Equipment	1,655,646	99,970		1,755,616
Vehicles	1,402,188	0	(54,320)	1,347,868
Total Depreciable Capital Assets	27,750,902	1,354,351	(54,320)	29,050,933
Total Capital Assets	27,806,272	1,832,606	(54,320)	29,584,558
Accumulated Depreciation:				
Land Improvements/Infrastructure	(842,197)	(74,889)	0	(917,086)
Buildings and Improvements	(13,345,926)	(502,221)	0	(13,848,147)
Furniture, Fixtures and Equipment	(1,201,738)	(93,693)		(1,295,431)
Vehicles	(955,868)	(122,300)	54,320	(1,023,848)
Total Accumulated Depreciation	(16,345,729)	(793,103)	54,320	(17,084,512)
Total Net Depreciable Capital Assets	11,405,173	561,248	0	11,966,421
Total Net Capital Assets	$11,460,543	$1,039,503	$0	$12,500,046

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$293,225
Special	139,966
Support Services:	
Pupils	16,796
Instructional Staff	35,425
Administration	45,216
Fiscal	11,197
Operations and Maintenance	26,575
Pupil Transportation	117,200
Central	8,841
Operation of Non-Instructional Services	92,741
Extracurricular Activities	5,921
Total Depreciation Expense	$793,103

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases liability, fleet and property insurance through Reed & Baur Insurance Agency.

The types and amounts of coverage provided by the Liberty Mutual Insurance Company are as follows:

Property	Deductible	Limits of Coverage
General Liability:		
Each Occurrence	Nil	$1,000,000
Aggregate Limit		2,000,000
Employee Benefit Program		
Each Employee	1,000	1,000,000
Aggregate	1,000	3,000,000
School Leaders Error and Omissions	2,500	1,000,000
Building and Contents	2,500	41,864,952
Forgery and Alterations	1,000	25,000
Public Employee Dishonesty	1,000	25,000
Fleet	Nil	1,000,000
Computer Fraud	1,000	100,000
Equipment Breakdown	2,500	250,000
Law Enforcement Professional Liability		1,000,000
Sexual Misconduct		1,000,000
Funds Transfer Fraud	1,000	100,000

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 from fiscal year 2021.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions 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 liability represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The COLA it is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. The Retirement Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries for 2021.

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

The District's contractually required contribution to SERS was $347,882 for fiscal year 2022. Of this amount, none is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 goes to the DC Plan 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 after termination of employment at age 50 or later.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS 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. For the fiscal year ended June 30, 2022, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2022 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was $784,078 for fiscal year 2022. Of this amount, $114,668 is reported as an intergovernmental payable.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.05993240%	0.03961628%	
Prior Measurement Date	0.05725970%	0.04008352%	
Change in Proportionate Share	0.00267270%	-0.00046724%	
Proportionate Share of the Net Pension Liability	$2,211,332	$5,065,297	$7,276,629
Pension Expense	$78,748	$96,861	$175,609

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

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$213	$156,495	$156,708
Changes of Assumptions	46,564	1,405,204	1,451,768
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	123,517	191,081	314,598
Contributions Subsequent to the Measurement Date	347,882	784,078	1,131,960
Total Deferred Outflows of Resources	$518,176	$2,536,858	$3,055,034
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$57,349	$31,749	$89,098
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,138,901	4,365,319	5,504,220
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	2,514	84,906	87,420
Total Deferred Inflows of Resources	$1,198,764	$4,481,974	$5,680,738

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

$1,131,960 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	($205,252)	($672,378)	($877,630)
2024	($202,854)	($541,980)	($744,834)
2025	($270,790)	($632,636)	($903,426)
2025	($349,574)	($882,200)	($1,231,774)
	($1,028,470)	($2,729,194)	($3,757,664)

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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	June 30, 2021	June 30, 2020
Inflation	2.4 percent	3.00 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.5 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.0 percent net of System expenses	7.50 percent net of System 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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Discount Rate The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 7.50 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 earning were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net Pension Liability	$3,679,113	$2,211,332	$973,488

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

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

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

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

Actuarial assumptions used in the 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 Real Rate of Return*
Domestic Equity	28.00%	7.35%
International Equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed Income	21.00%	3.00%
Real Estate	10.00%	6.00%
Liquidity Reserves	1.00%	2.25%
Total	100.00%	

* 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 Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

***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 member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 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 District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one- percentage-point higher (8.00 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net Pension Liability	$9,485,406	$5,065,297	$1,330,315

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 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability(Asset)

OPEB is a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. 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 OPEB liability(asset) represents the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net 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.

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability(asset). Resulting adjustments to the net OPEB liability(asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. 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 Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

NOTE 12 - <u>DEFINED BENEFIT OPEB PLANS</u> - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the District's surcharge obligation was $35,545.

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 District's contractually required contribution to SERS was $35,545 for fiscal year 2022.

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

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

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Net OPEB Liability(Asset)

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.06050820%	0.03961628%	
Prior Measurement Date	0.05766360%	0.04008352%	
Change in Proportionate Share	0.00284460%	-0.00046724%	
Proportionate Share of the Net OPEB Liability/(Asset)	$1,145,167	($835,277)	$309,890
OPEB Expense (Gain)	$13,637	($62,169)	($48,532)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Difference between Expected and Actual	$12,207	$29,742	$41,949
Changes of Assumptions	179,650	53,353	233,003
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	177,084	4,060	181,144
Contributions Subsequent to the Measurement Date	35,545	0	35,545
Total Deferred Outflows of Resources	$404,486	$87,155	$491,641
Deferred Inflows of Resources			
Difference between Expected and Actual	$570,346	$153,038	$723,384
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	24,875	231,524	256,399
Changes of Assumptions	156,822	498,304	655,126
Changes in Proportion and Differences between Contributions and Proportionate Share of Contributions	36,337	14,249	50,586
Total Deferred Inflows of Resources	$788,380	$897,115	$1,685,495

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

$35,545 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	($92,479)	($232,262)	($324,741)
2024	(92,653)	(226,464)	(319,117)
2025	(91,709)	(222,889)	(314,598)
2026	(87,547)	(96,243)	(183,790)
2027	(45,520)	(32,782)	(78,302)
Thereafter	(9,531)	680	(8,851)
	($419,439)	($809,960)	($1,229,399)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

NOTE 12 - <u>DEFINED BENEFIT OPEB PLANS</u> - (Continued)

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

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

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

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

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 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 state statute contribution rate of 1.50 percent of projected covered employee 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.

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27 percent) and higher (3.27 percent) than the current discount rate (2.27 percent). 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 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	$1,419,001	$1,145,167	$926,410

	1% Decrease	Current Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	$881,685	$1,145,167	$1,497,099

Actuarial Assumptions - STRS

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

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

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 is 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.

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

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

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and 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 actual rate of return, without net value added by management.

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 Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan assets of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021.

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 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	Current Discount Rate	1% Increase
District's Proportionate Share of the Net OPEB Asset	$704,844	$835,277	$944,233

	1% Decrease	Current Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Asset	$939,819	$835,277	$706,001

Changes Between the Measurement Date and the Reporting date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability is unknown.

NOTE 13 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. After 25 years of service, employees earn five weeks of vacation. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. There is no limit to sick leave accrual. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days for certified employees and 50 days for classified employees.

Insurance Benefits

The Board of Education provides health, major medical, and prescription insurance to eligible employees through the Athens County School Employee Health and Welfare Benefit Association. Currently, three plans are available to district employees, PPO Plan 1, PPO Plan 2 and HDHP with HSA.

The Board of Education covers 85 percent of family coverage premiums and 90 percent of single coverage premiums. The Boards monthly contribution for family and single premium coverage is $2,300 and $912 respectively for PPO Plan 1, $2,075.50 and $822.52 respectively for PPO Plan 2 and $1,614.75 and $639.92 respectively for HDHP with HSA.

NOTE 13 - EMPLOYEE BENEFITS - (Continued)

For those employees who choose PPO Plan 1 or the HDHP with HSA, the Boards dollar amount share of insurance costs remains the same, increasing the amount of the employee's share of insurance.

The District provides life insurance to employees through American United Life in the amount of $20,000 for all employees.

Dental coverage is provided through CoreSource. Monthly premiums remained $67.56 for all employees in fiscal year 2022.

NOTE 14 - LONG-TERM OBLIGATIONS

Changes in the long-term obligations of the District during the 2022 fiscal year were as follows:

	Issue Date	Interest Rate	Principal Outstanding at July 1, 2021	Additions	Deductions	Principal Outstanding at June 30, 2022	Amount Due In One Year
Governmental Activities:							
Bond Refinancing Issue	2006	4.25%	$135,000	$0	$65,000	$70,000	70,000
Department of Administrative Services Loan	2014	1.00%	149,482	0	18,039	131,443	18,220
Energy Optimizers Loan	2016	6.87%	357,127	0	57,417	299,710	61,487
Total General Obligation Debt			641,609	0	140,456	501,153	149,707
Net Pension Liability:							
STRS			9,698,786	0	4,633,489	5,065,297	0
SERS			3,787,277	0	1,575,945	2,211,332	0
Total Net Pension Liability			13,486,063	0	6,209,434	7,276,629	0
Net OPEB Liability:							
SERS			1,253,219	0	108,052	1,145,167	0
Total Net Pension Liability			1,253,219	0	108,052	1,145,167	0
Financed Purchases			105,361	0	80,225	25,136	12,129
Compensated Absences			507,065	204,530	202,246	509,349	123,232
Total Governmental Activities Long-Term Liabilities			$15,993,317	$204,530	$6,740,413	$9,457,434	$285,068

Refinancing Bonds – The District issued general obligation bonds for $645,000. The bond proceeds were used to retire a portion of the 2000 classroom facilities bonds. The bonds were issued on November 8, 2006 with an interest rate of 4.25 percent. The bonds included current interest bonds of $610,000 and capital appreciation bonds of $35,000.

Department of Administrative Services Loan – On March 7, 2014, the District obtained a $262,454 loan through the Department of Administrative Services to be used for energy upgrades. The loan has a 1 percent interest rate. The loan will mature on February 1, 2029. The loan will be paid through the District's General Fund.

Energy Optimizers Loan – On October 20, 2016, the District entered into an energy efficiency service agreement with Energy Optimizers. The loan will mature on October 26, 2026.

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

The District pays obligations related to employee compensation from the fund benefitting from their service. Compensated absences payable is paid from the fund from which the person is paid. The Financed Purchases is paid from the General Fund.

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The District's voted legal debt margin was $4,443,506 with an unvoted debt margin of $54,941 at June 30, 2022.

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

Year Ending	General Obligation Bonds		Department of Administrative Services		Energy Optimizers Loan		Totals	
June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	$70,000	$1,488	$18,220	$952	$61,487	$18,679	$149,707	$21,119
2024	0	0	18,403	815	65,847	14,318	84,250	15,133
2025	0	0	18,588	677	70,516	9,650	89,104	10,327
2026	0	0	18,774	537	75,516	4,649	94,290	5,186
2027	0	0	18,962	394	26,344	378	45,306	772
2028-2032	0	0	38,496	336	0	0	38,496	336
Totals	$70,000	$1,488	$131,443	$3,711	$299,710	$47,674	$501,153	$52,873

NOTE 15 – FINANCED PURCHASES

During 2019, the District entered into a new capital lease for 23 Printers in the amount of $268,848, and new Chromebooks in the amount of $56,835. These lease obligations meet the criteria of a capital lease. Capital lease payments are reflected as debt service expenditures in the fund financial statements. Principal payments in fiscal year 2022 totaled $80,225 in the governmental funds.

The equipment has been capitalized in the amount of $334,184, the present value of the minimum lease payments at the inception of the lease. The accumulated depreciation as of June 30, 2022, was $189,982, leaving a remaining book value of $144,202.

The following is a schedule of the future minimum lease payments and the present value of the minimum lease payments as of June 30, 2022:

Fiscal Year Ending June 30,	Capital Lease
2023	$13,505
2024	13,505
Minimum Lease Payments	27,010
Less: amount representing interest	1,874
Present value of minimum lease payments	$ 25,136

NOTE 16 - INTERFUND ACTIVITY

As of June 30, 2022, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivable	Interfund Payable
General	$704,568	$0
ESSER	0	559,758
Nonmajor Special Revenue Funds:		
Title VI-B	0	19,403
Title I	0	125,407
Total Nonmajor Special Revenue Funds	0	144,810
Total	$704,568	$704,568

All balances are scheduled to be collected in the subsequent year. All balances resulted from the time between the dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The balance of $704,568 due to the General Fund from the funds listed is a result of advances made to these funds by the General Fund, which were not repaid or deficit cash balances as of June 30, 2022.

	Transfers To	
Transfers From	Nonmajor Capital Project Funds	Total
General	$505,000	$505,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, and (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The total of $505,000 is the result of transfers from the General Fund to the finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 17 - FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the 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 fund and all other governmental funds are presented below:

NOTE 17 - FUND BALANCES - (Continued)

	General	ESSER	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventory	$17,463	$0	$2,857	$20,320
Total Nonspendable	17,463	0	2,857	20,320
Restricted:				
Special Revenues:				
Scholarship	0	0	21,902	21,902
Facilities Maintenance	0	0	57,287	57,287
Student Activities	0	0	42,195	42,195
Athletics	0	0	56,465	56,465
Local Grants	0	0	91,117	91,117
State Grants	0	0	45,674	45,674
Federal Grants	0	0	41,501	41,501
Debt Service	0	0	61,279	61,279
Capital Projects	0	0	150,257	150,257
Total Restricted	0	0	567,677	567,677
Assigned:				
Encumbrances:				
Instruction	7,138	0	0	7,138
Support Services	45,019	0	0	45,019
Extracurricular Activities	1,881	0	0	1,881
Capital Outlay	148,425	0	0	148,425
Future Appropriations	1,265,453	0	0	1,265,453
Total Assigned	1,467,916	0	0	1,467,916
Unassigned (Deficit)	4,632,252	(478,255)	(187,550)	3,966,447
Total Fund Balance	$6,117,631	($478,255)	$382,984	$6,022,360

NOTE 18 - STATUTORY SET-ASIDES

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

The following changes occurred in the District's set-aside reserve accounts during fiscal year 2022:

	Capital Improvements
Set Aside Balance June 30, 2021	$0
Current Year Set Aside Requirement	137,475
Current Year Qualifying Disbursements	(137,475)
Total	0
Set Aside Reserved Balance as of June 30, 2022	$0
Total Restricted Assets	$0

Although the District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future years. The negative balance is therefore not presented as being carried forward to future years.

NOTE 19 - ENCUMBRANCE COMMITMENTS

At June 30, 2022, the District had encumbrance commitments in the Governmental Funds as follows:

Fund	
General	$202,463
ESSER	1,116,407
Nonmajor Funds:	
Student Activities	375
Athletics	750
Permanent Improvement	71,519
Public School Support	4,339
Total Nonmajor Funds	76,983
Total Encumbrances	$1,395,853

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

META Solutions

The District participates in the Metropolitan Educational Technology Association (META), which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation of the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. Financial information can be obtained from the Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302. The District made payments of $65,406 to META Solutions for fiscal year 2022.

Tri - County Career Center

The Tri-County Career Center is a district political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven appointed representatives from the eight participating school districts. The Board possesses its own budgeting and taxing authority. To obtain financial information write to the Tri-County Career Center, Rodney Schilling, Treasurer, at 15676 State Route 691, Nelsonville, Ohio 45764.

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools (CORAS) is a jointly governed organization composed of over 130 school districts and other educational institutions in the 35-county region of Ohio designated as Appalachia. The Coalition is operated by a board which is composed of seventeen members. One elected and one appointed from each of the seven regions into which the 35 Appalachian counties are divided; and three from Ohio University College of Education. The board exercised total control over the operations of CORAS including budgeting, appropriating, contracting, and designating management. Each participant's control is limited to its representation on the board. The Coalition provides various in-service training programs for school district administrative personnel; gathers data regarding the level of education provided to children in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent on the continued participation of the District and the District does not maintain an equity interest in or financial responsibility for the Coalition. During fiscal year 2022, the District paid $385 for membership. Financial information may be obtained from the Coalition of Rural and Appalachian Schools at Lindley Hall Room 200, Ohio University, Athens, Ohio 45701.

Ohio Coalition for Equity and Adequacy of School Funding

The Ohio Coalition of Equity and Adequacy of School Funding is organized as a council of governments pursuant to Chapter 167 of the Ohio Revised Code. The Coalition was organized in 1990 to challenge the constitutionality of the Ohio school funding system. The Coalition is governed by a Steering committee of 90 school district representatives. Though most of the members are superintendents, some treasurers, board members, and administrators also serve. Several persons serve as ex officio members. The membership of the Coalition includes over 500 school districts throughout the State of Ohio. The Committee exercises total control over budgeting, appropriating, contracting, and the designation of management. Member school districts and joint vocational schools pay dues to $0.05 per pupil. School districts and joint vocational schools may also pay supplemental dues in the amount of $0.50 per pupil for K-12 districts and educational service centers pay dues of $0.05 per pupil.

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS – (Continued)

The Coalition is not dependent on the continued participation of the District and the District does not maintain an equity interest or financial responsibility for the Coalition. During fiscal year 2022, the District paid $0 to the Coalition. To obtain financial information, write to the Ohio Coalition of Equity and Adequacy of School Funding at 100 South Third Street, Columbus, Ohio 43215.

NOTE 21 - INSURANCE PURCHASING AND CLAIMS SERVICING POOLS

Sheakley Worker's Compensation Group Rating Program

The District is a member of the Sheakley Workers' Compensation Group Rating Program established in April 2004. The program was created by the Ohio Association of School Business Officials as a result of the Workers' Compensation group rating plan as defined in section 4123.29, of the Ohio Revised Code. The group-rating plan will allow school districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire as individual employers.

Athens County School Employee Health and Welfare Benefit Association

The District is a participating consortium of seven districts to operate the Athens County School Employee Health and Welfare Benefit Association. The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with Anthem Insurance Company to be the health care provider for medical benefits as well as to provide aggregate and specific stop loss insurance coverage, and Coresource to provide administration for its dental benefits. The Association is governed by a board of directors consisting of one representative from each of the participating districts. Financial information for the Association can be obtained from the administrators at Combs & Associates,
P.O. Box 98, Dola, Ohio 45865.

NOTE 22 - CONTINGENCIES

A. Grants

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

B. Litigation

The District is party to legal proceedings. However, no liability has been accrued since the ultimate disposition of these claims and legal proceedings has yet to be determined and the amount of liability, if any, is not measurable.

C. School Foundation

School district Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2022 are finalized. As a result, the net impact of the FTE adjustments on the fiscal year 2022 financial statements was insignificant.

NOTE 23 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During fiscal year 2022, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District's investment portfolio and the investments of the pension and other employee benefit plan in which the District participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 24 – SUBSEQUENT EVENT

On March 16, 2023, the Board awarded a contract for construction of a fitness center with Drummond Construction for $1,660,000.

TRIMBLE CITY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of Net Pension Liability

Last Nine Measurement Periods (1)

	2022	2021	2020	2019
School Employees Retirement System of Ohio				
District's Proportion of the Net Pension Liability	0.0599324%	0.0572597%	0.0582009%	0.0515654%
District's Proportionate Share of the Net Pension Liability	$2,211,332	$3,787,277	$3,482,262	$2,953,246
District's Covered Payroll	$2,325,764	$1,709,143	$1,639,714	$1,592,057
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	95.08%	221.59%	212.37%	185.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%
State Teachers Retirement System of Ohio				
District's Proportion of the Net Pension Liability	0.03961628%	0.04008352%	0.03928066%	0.03846705%
District's Proportionate Share of the Net Pension Liability	$5,065,297	$9,698,786	$8,686,682	$8,458,041
District's Covered Payroll	$5,013,857	$4,948,771	$4,629,886	$4,779,429
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	101.03%	195.98%	187.62%	176.97%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.48%	77.40%	77.31%

(1) Information prior to 2014 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

2018	2017	2016	2015	2014
0.0519632%	0.04893050%	0.0495220%	0.0465780%	0.0465780%
$3,104,686	$3,581,261	$2,825,773	$2,357,286	$2,769,844
$1,563,429	$1,803,429	$1,865,918	$1,345,318	$1,348,661
198.58%	198.58%	151.44%	175.22%	205.38%
69.50%	62.98%	69.16%	71.70%	65.52%
0.03923971%	0.03717114%	0.03732843%	0.3823040%	0.3823040%
$9,321,477	$12,442,301	$10,316,486	$9,298,954	$11,076,856
$4,059,914	$3,635,086	$3,901,714	$3,950,953	$4,002,285
229.60%	342.28%	264.41%	235.36%	276.76%
75.30%	66.80%	72.10%	74.70%	69.30%

TRIMBLE CITY SCHOOL DISTRICT

Schedule of the District's Proportionate Share of Net OPEB Liablity/Asset

Last Six Fiscal Years (1)

	2022	2021	2020	2019
School Employees Retirement System of Ohio				
District's Proportion of the Net OPEB Liability	0.06050820%	0.05766360%	0.05942400%	0.05280780%
District's Proportionate Share of the Net OPEB Liability	$1,145,167	$1,253,219	$1,494,389	$1,465,031
District's Covered-Employee Payroll	$2,325,764	$1,709,143	$1,639,714	$1,592,057
District's Proportionate Share of the Net OPEB Liability as a Percentage of it's Covered-Employee Payroll	49.24%	73.32%	91.14%	92.02%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%	13.57%
State Teachers Retirement System of Ohio				
District's Proportion of the Net OPEB Liability	0.03961628%	0.04008352%	0.03928066%	0.03846705%
District's Proportionate Share of the Net OPEB Asset	$835,277	$704,467	$650,582	$618,126
District's Proportionate Share of the Net OPEB Liability	$0	$0	$0	$0
District's Covered-Employee Payroll	$5,013,857	$4,948,771	$4,629,886	$4,779,429
District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of it's Covered-Employee Payroll	(16.66%)	(14.24%)	(13.15%)	(13.35%)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	182.13%	174.74%	176.00%

(1) Information prior to 2017 is not available.

Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

2018	2017
0.05261970%	0.05261970%
$1,412,174	$1,499,856
$1,563,429	$1,803,429
90.33%	83.17%
12.46%	11.49%
0.03923971%	0.03923971%
$0	$0
$1,530,989	$2,098,550
$4,059,914	$3,635,086
37.71%	57.73%
47.10%	37.30%

TRIMBLE CITY SCHOOL DISTRICT

Schedule of the District's Contributions
School Employees Retirement Systems of Ohio
Last Ten Fiscal Years

	2022	2021	2020	2019
Pension				
Contractually Required Contributions	$347,882	$325,607	$239,280	$221,361
Contributions in Relation to the Contractually Required Contributions	(347,882)	(325,607)	(239,280)	(221,361)
Contribution Deficiency (Excess)	$0	$0	$0	$0
District Covered-Employee Payroll	$2,484,871	$2,325,764	$1,709,143	$1,639,714
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.50%
OPEB				
Contractually Required Contributions (1)	$0	$0	$0	$8,199
Contributions in Relation to the Contractually Required Contributions	0	0	0	(8,199)
Contribution Deficiency (Excess)	$0	$0	$0	$0
District Covered-Employee Payroll	$2,484,871	$2,325,764	$1,709,143	$1,639,714
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.50%

(1) Excludeds surcharge amounts.

See accompanying notes to the required supplementary information.

2018	2017	2016	2015	2014	2013
$214,928	$218,880	$252,480	$245,928	$186,461	$186,655
(214,928)	(218,880)	(252,480)	(245,928)	(186,461)	(186,655)
$0	$0	$0	$0	$0	$0
$1,592,057	$1,563,429	$1,803,429	$1,865,918	$1,345,318	$1,348,661
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%
$7,960	$0	$0	$15,301	$1,883	$2,158
(7,960)	0	0	(15,301)	(1,883)	(2,158)
$0	$0	$0	$0	$0	$0
$1,592,057	$1,563,429	$1,803,429	$1,865,918	$1,345,318	$1,348,661
0.50%	0.00%	0.00%	0.82%	0.14%	0.16%

TRIMBLE CITY SCHOOL DISTRICT
Schedule of the District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2022	2021	2020	2019
Pension				
Contractually Required Contributions	$784,078	$701,940	$692,828	$648,184
Contributions in Relation to the Contractually Required Contributions	(784,078)	(701,940)	(692,828)	(648,184)
Contribution Deficiency (Excess)	$0	$0	$0	$0
District Covered-Employee Payroll	$5,600,557	$5,013,857	$4,948,771	$4,629,886
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%
OPEB				
Contractually Required Contributions	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contributions	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
District Covered-Employee Payroll	$5,600,557	$5,013,857	$4,948,771	$4,629,886
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information.

2018	2017	2016	2015	2014	2013
$669,120	$568,388	$508,912	$546,240	$513,624	$520,297
(669,120)	(568,388)	(508,912)	(546,240)	(513,624)	(520,297)
$0	$0	$0	$0	$0	$0
$4,779,429	$4,059,914	$3,635,086	$3,901,714	$3,950,953	$4,002,285
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%
$0	$0	$0	$0	$39,510	$40,023
0	0	0	0	(39,510)	(40,023)
$0	$0	$0	$0	$0	$0
$4,779,429	$4,059,914	$3,635,086	$3,901,714	$3,950,953	$4,002,285
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms:
2014-2017: There were no changes in benefit terms for the period.

2018: The following were the most significant changes in benefit terms:

- The cost-of-living adjustment was changed from a fixed 3.00% to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018.
- Under HB 49, the Board enacted a three-year COLA suspension for benefit recipients in calendar year 2018, 2019 and 2020.

2019: The following were the most significant changes in benefit terms:

- Under Senate Bill 8, the Board enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2020-2022: There were no changes in benefit terms for the period.

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

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

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
    - RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
    - RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates.

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

2022: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.00% to 2.4%
- Payroll Growth Assumption was reduced from 3.5% to 3.25%
- Mortality among active members was updated to the following:
    - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection and a five year age set-forward for both males and females. The above rates represent the base rates used.

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO - (Continued)

- Mortality among service retired members, and beneficiaries was updated to the following:
  - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection with Scale BB, 105.5% of male rates, and 122.5% of female rates.

Other Postemployment Benefits

Changes in benefit terms:
2017-2022: There were no changes in benefit terms for the period.

Changes in assumptions:
2017: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

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

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

- Discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent.
- Discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent.

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Assumed rate of inflation was reduced from 3.00% to 2.4%
- Payroll Growth Assumption was reduced from 3.5% to 3.25%
- Mortality among active members was updated to the following:
  - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection and a five year age set-forward for both males and females. The above rates represent the base rates used.
- Mortality among service retired members, and beneficiaries was updated to the following:
  - PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection with Scale BB, 105.5% of male rates, and 122.5% of female rates.

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Pension

Changes in benefit terms:
2017-2022: There were no changes in benefit terms for the period.

Changes in assumptions:

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

- Long term expected rate of return was reduced from 7.75% to 7.45%,
- Inflation assumption was lowered from 2.75% to 2.50%,
- Payroll growth assumption was lowered to 3.00%,
- Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation.
- Healthy and disabled mortality assumptions were updated to the following:
  - RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: Long term expected rate of return was reduced from 7.45% to 7.00%.

Other Postemployment Benefits

Changes in benefit terms:
2017: There were no changes in benefit terms for the period.

2018: The following were the most significant changes in benefit terms:
- The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service.
- Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries
- All remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements is extended to January 2020.

2019: The following were the most significant changes in benefit terms:
- The subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019.
- The non-Medicare frozen subsidy base premium was increased effective January 1, 2019.
- All remaining Medicare Part B premium reimbursements will be discontinued beginning January 2021.

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO - (Continued)

2020: The following were the most significant changes in benefit terms:

- The subsidy multiplier for non-Medicare benefit recipients was increased from 1.944% to 1.984% per year of service effective January 1, 2020.
- The non-Medicare frozen subsidy base premium was increased effective January 1, 2020.
- Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare Plan.
- Medicare Part B monthly reimbursements elimination date was postponed to January 1, 2021.

2021: The following were the most significant changes in benefit terms:

- The subsidy multiplier for non-Medicare benefit recipients was increased from 1.984% to 2.055% per year of service effective January 1, 2021.
- The non-Medicare frozen subsidy base premium was increased effective January 1, 2021.
- Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare Plan.
- Medicare Part B monthly reimbursements elimination date was postponed indefinitely.

2022: There were no changes in benefit terms for the period.

Changes in assumptions:

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

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

- Discount rate was increased from 3.26% to 4.13%
- Long term expected rate of return was reduced from 7.75% to 7.45%.
- Valuation year per capita health care costs were updated, and the salary scale was modified.
- The percentage of future retirees electing each option was updated
- The percentage of future disabled retirees and terminated vested participants electing health coverage were decreased.
- The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

2019: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:

- Discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45%
- Valuation year per capita health care costs were updated

2020-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2022: Discount rate was reduced from 7.45% to 7.00%.

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TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal AL Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
Cash Assistance:			
School Breakfast Program	10.553	2022	$192,143
National School Lunch Program	10.555	2022	460,786
Fresh Fruit and Vegetable Program	10.582	2022	20,610
Total Child Nutrition Cluster			673,539
Pandemic EBT Administrative Costs	10.649	2022	614
Total U.S. Department of Agriculture			**674,153**
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Title I Grants to Local Educational Agencies	84.010A	2021	56,320
Title I Grants to Local Educational Agencies	84.010A	2022	374,326
Title I Grants to Local Educational Agencies- Expanding Opportunities for Each Child Non-Competitive	84.010A	2022	13,507
Title I Grants to Local Educational Agencies- Expanding Opportunities for Each Child Non-Competitive	84.010A	2021	9,149
Title I Grants to Local Educational Agencies- School Improvement	84.010A	2021	25,000
Title I Grants to Local Educational Agencies- School Quality Improvement	84.010A	2022	83,561
Total Title I Grants to Local Educational Agencies			561,863
School Improvement Grant	84.377A	2021	7,491
Special Education Cluster:			
Special Education - Grants to States	84.027A	2021	1,556
Special Education - Grants to States	84.027A	2022	202,198
COVID-19: Special Education - Grants to States	84.027X	2022	25,528
Total Special Education - Grants to States			229,282
Special Education - Preschool Grants	84.173A	2022	5,493
Total Special Education Cluster			234,775
Student Support and Academic Enrichment Program	84.424A	2021	70,662
Supporting Effective Instruction State Grant	84.367A	2022	44,754
COVID-19: Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund (ESSER I)	84.425D	2021	15,401
Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	2022	842,113
American Rescue Plan Elementary and Secondary School Emergency Relief	84.425U	2022	702,931
Total COVID-19: Education Stabilization Fund			1,560,445
Total U.S. Department of Education			**2,479,990**
Total Expenditures of Federal Awards			**$3,154,143**

The accompanying notes are an integral part of this Schedule.

TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

OHIO AUDITOR OF STATE
KEITH FABER

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

Trimble Local School District
Athens County
1 Tomcat Drive
Glouster, Ohio 45732

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Trimble local School District, Athens County, Ohio (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 23, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Corrective Action Plan. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

May 23, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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

Trimble Local School District
Athens County
1 Tomcat Drive
Glouster, Ohio 45732

To the Board of Education:

Report on Compliance for the Major Federal Program

Qualified Opinion

We have audited the Trimble Local School District, Athens County, Ohio (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 the Trimble Local School District's major federal program for the year ended June 30, 2022. Trimble Local School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

Qualified Opinion on the Education Stabilization Fund, AL# 84.425

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* section of our report, Trimble Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the *Education Stabilization Fund, AL# 84.425* for the year ended June 30, 2022.

Basis for Qualified Opinion

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

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

Matter Giving Rise to Qualified Opinion on the Education Stabilization Fund, AL# 84.425

As described in finding 2022-002 in the accompanying Schedule of Findings, the District did not comply with requirements regarding Section N: Special Tests and provisions - Wage Rate Requirements applicable to its AL #84.84.425, Education Stabilization Fund major federal program.

Compliance with such requirements is necessary, in our opinion, for the District to comply with requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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**.** We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2022-002 to be a material weakness.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Findings and/or Corrective Action Plan. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

May 23, 2023

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TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2022-001

Material Weakness- Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Certain transactions were recorded incorrectly resulting in material audit adjustments for the fiscal year ending June 30, 2022:

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

FINDING NUMBER 2022-001 (Continued)

Material Weakness- Financial Reporting (Continued)

- The District did not properly calculate the receivable for the Education Stabilization Fund grant consistently with a reimbursable grant resulting in a decrease in Intergovernmental Revenues of $906,693, a decrease in Deferred Inflows of Resources of $5,234, and a decrease in Intergovernmental Receivable of $911,927 in the ESSER Fund
- The original budgeted amounts for the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) did not agree to underlying approved budgetary documents for the ESSER Fund. This resulted in an increase in original budgeted Intergovernmental Revenues of $1,824,763
- The District did not identify all items meeting the recognition criteria for Contracts Payable in the ESSER Fund resulting in an increase in Capital Outlay and Contracts Payable of $478,255.

These misstatements were caused by misunderstanding over proper recording and insufficient management oversight. As a result, adjustments, with which the Center's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

To ensure the District's financial statements and notes to the financial statements are complete and accurate, the Treasurer should review the basic financial statements compiled by their contracted Independent Public Accounting firm prior to filing those statements in the Hinkle System.

Officials' Response: See Corrective Action Plan.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. Wage Rate Requirements

Finding Number:	**2022-002**
Assistance Listing Number and Title:	**AL # 84.425, Education Stabilization Fund**
Federal Award Identification Number / Year:	**2022**
Federal Agency:	**U.S. Department of Education**
Compliance Requirement:	**Section N: Special Tests and Provisions- Wage Rate Requirements**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Material Weakness

2 C.F.R. § 3474.1 gives regulatory effect to the Department of Education for Appendix II to 2 C.F.R. § 200 Paragraph D which states: (D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of $2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provision Applicable to Contract Covering Federally Financed and Assisted Construction"). In accordance with the

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

FINDING NUMBER 2022-002 (Continued)

Noncompliance and Material Weakness- Wage Rate Requirements (Continued)

statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

2 CFR § 176.190 Award term - Wage rate requirements under Section 1606 of the Recovery Act indicates when issuing announcements or requesting applications for Recovery Act programs or activities that may involve construction, alteration, maintenance, or repair the agency shall use the award term described in the following paragraphs: (a) Section 1606 of the Recovery Act requires that all laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to the Recovery Act shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code.

The District expended $67,565 of its Education Stabilization Fund (ESSER II) AL# 84.425D federal grant funds for carpet/flooring and a fire alarm system. Due to a lack of proper internal controls over Federal Grants management, the District's contract with this vendor did not include a provision to ensure the contactor complied with Federal wage rate requirements. Additionally, the District could not provide support that weekly certified payroll reports were provided by the contractor. The District also expended $504,696 of its Education Stabilization Fund (ARP ESSER) AL# 84.425U federal grant funds for upgrades and roof renovations for which the District could not provide support that weekly certified payroll reports were provided by the contractor.

Failure to notify contractors of the wage rate requirements and monitor weekly payroll reports may result in noncompliance with the prevailing wage requirements as well as potentially reduced future federal funding.

The District should ensure contracts for construction in excess of $2,000 contain a provision the contractor comply with the Wage Rate Requirements and ensure certified payroll reports are provided weekly by the contractor. The District should obtain the necessary information from the contractor to document compliance with the program requirements and if the contractor failed to comply then they have an obligation under 29 CFR Part 5 to report all suspected or reported violations to the Federal awarding agency.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

FINDING NUMBER 2022-002 (Continued)

Noncompliance and Material Weakness- Wage Rate Requirements (Continued)

Officials' Response: See Corrective Action Plan.

Trimble Local School District

Office of the Superintendent

One Tomcat Drive
Glouster, Ohio 45732-9335

trimble.k12.oh.us

Superintendent
John R. Hurd Jr.

Chief Finance Officer
Kevin Simons

"To be the supporting force in our community by providing excellence in student achievement for all"

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

Finding Number	Finding Summary	Status	Additional Information
2021-001	Material Weakness relating to Financial reporting due to material audit adjustments identified.	Not Corrected	The Treasurer/CFO will work with the third party vendor who completes the financial statements to insure that this does not happen again. This has not yet been corrected due to the turnover in the Treasurer/CFO. The new Treasurer/CFO was unaware of this finding prior to employment.
2021-002	Noncompliance/Material Weakness/Questioned Cost in the Education Stabilization Fund- AL# 84.425D major program relating to 2 C.F.R. § 200.439 for capital expenditures lacking pre-approval.	Fully Corrected	N/A
2021-003	Finding for Recovery-Repaid Under Audit for public monies illegally expended.	Fully Corrected	N/A

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Superintendent
John R. Hurd Jr.

Chief Finance Officer
Kevin Simons

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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2022

Finding Number:	2022-001
Planned Corrective Action:	The Treasurer/CFO will work closely with our third party vendor who prepares our financial statement to ensure they are completed correctly and will schedule a meeting with the vendor to discuss the issue.
Anticipated Completion Date:	June 30, 2024
Responsible Contact Person:	Kevin Simons

Finding Number:	2022-002
Planned Corrective Action:	The Treasurer/CFO is currently working on a federally funded project and has already reached out to the attorney and the contracts regarding the submittal of the payrolls for the projects. The attorney will review and confirm that they are following the Davis-Bacon Act rules and regulations.
Anticipated Completion Date:	December 31, 2023
Responsible Contact Person:	Kevin Simons

OHIO AUDITOR OF STATE
KEITH FABER

TRIMBLE LOCAL SCHOOL DISTRICT

ATHENS 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 6/13/2023

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