



OHIO AUDITOR OF STATE
KEITH FABER



**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY
JUNE 30, 2021**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis	15
Statement of Activities – Cash Basis	16
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis Governmental Funds	17
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities – Cash Basis	18
Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis Governmental Funds	19
Reconciliation of the Statement of Receipts, Disbursements and Changes in Fund Balances of Governmental Funds to the Statement of Activities – Cash Basis	20
Statement of Receipts, Disbursements and Change in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) General Fund	21
Student Wellness & Success Fund	22
Statement of Net Position – Cash Basis Proprietary Funds	23
Statement of Receipts, Disbursements and Changes in Net Position – Cash Basis Proprietary Funds	24
Notes to the Basic Financial Statements	25

MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY
JUNE 30, 2021

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Schedule of Expenditures of Federal Awards	57
Notes to the Schedule of Expenditures of Federal Awards.....	58
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	59
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	61
Schedule of Findings.....	63
Prepared by Management:	
Summary Schedule of Prior Audit Findings	67
Corrective Action Plan.....	69

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Mount Vernon City School District
Knox County
300 Newark Road
Mount Vernon, Ohio 43050

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mount Vernon City School District, Knox County, Ohio (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Efficient • Effective • Transparent

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in cash financial position and the respective budgetary comparisons for the General and the Student Wellness and Success funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Emphasis of Matter

As discussed in Note 18 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Supplementary Information

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis 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 and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

We applied no procedures to management's discussion & analysis, as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 3, 2022, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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

August 3, 2022

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**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

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

The management's discussion and analysis of the Mount Vernon City School District's (the "District") financial performance provides an overall review of the District's cash basis financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- In total, net cash position of governmental activities increased \$748,161, which represents a 6.34% increase from fiscal year 2020.
- General cash receipts accounted for \$39,379,759 in cash receipts or 77.67% of total cash receipts. Program specific cash receipts in the form of charges for services and sales and grants and contributions accounted for \$11,318,817 in cash receipts or 22.33% of total cash receipts of \$50,698,576.
- The District had \$49,950,415 in cash disbursements related to governmental activities; \$11,318,817 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$39,379,759 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, student wellness & success fund, and the permanent improvement fund. The general fund had \$42,136,338 in cash receipts and other financing sources and \$40,461,436 in cash disbursements. During fiscal year 2021, the general fund's fund cash balance increased \$1,674,902 from \$4,274,917 to \$5,949,819.
- The student wellness & success fund had cash receipts of \$1,455,909 and \$828,192 in cash disbursements. During fiscal year 2021, the student wellness & success fund's fund cash balance increased \$627,717 from \$610,320 to \$1,238,037.
- The permanent improvement fund had \$1,905,954 in cash receipts and \$3,477,553 in cash disbursements and other financing uses. During fiscal year 2021, the permanent improvement fund's fund cash balance decreased \$1,571,599 from \$2,566,478 to \$994,879.

Using the Cash Basis Basic Financial Statements (BFS)

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's cash basis of accounting.

The statement of net position – cash basis and statement of activities – cash basis provide information about the activities of the whole District, presenting an aggregate view of the District's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position – cash basis and the statement of activities – cash basis answers the question, “How did the District do financially during fiscal year 2021?” These statements include only net position using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year’s receipts and disbursements if the cash is actually received or paid.

These two statements report the District’s net cash position and changes in net cash position on a cash basis. This change in net cash position is important because it tells the reader that, for the District as a whole, the cash basis financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District’s property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services and not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net position – cash basis and statement of activities – cash basis, the governmental activities include the District’s programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District’s statement of net position – cash basis and statement of activities – cash basis can be found on pages 15-16 of this report.

Reporting the District’s Most Significant Funds

Fund Financial Statements

The analysis of the District’s major governmental fund is on page 12. 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’ most significant funds. The District’s major governmental funds are the general fund, student wellness & success fund, and the permanent improvement fund.

Governmental Funds

Most of the District’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the District’s operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various District programs. The relationship (or differences) between governmental activities (reported in the statement of net position – cash basis and statement of activities – cash basis) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 17-22 of this report.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

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

Proprietary Funds

The District maintains one proprietary fund, an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for self-insurance programs. The basic proprietary fund financial statements can be found on pages 23-24 of this report.

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. These notes to the basic financial statements can be found on pages 25-55 of this report.

The District as a Whole

The table below provides a summary of the District's net cash position at June 30, 2021 and June 30, 2020.

	Net Cash Position	
	Governmental Activities 2021	Governmental Activities 2020
	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current assets	\$ 12,557,911	\$ 11,809,750
<u>Net Cash Position</u>		
Restricted	2,586,629	3,975,157
Unrestricted	<u>9,971,282</u>	<u>7,834,593</u>
Total net cash position	<u>\$ 12,557,911</u>	<u>\$ 11,809,750</u>

Total net cash position of the District increased \$748,161, which represents a 6.34% increase from net cash position at June 30, 2020. This increase is primarily due to an increase in federal and state grants.

A portion of the District's net cash position, \$2,586,629, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net cash position of \$9,971,282 may be used to meet the District's ongoing obligations to its students and creditors.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

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

The table below shows the change in net cash position for fiscal years 2021 and 2020.

	Change in Net Cash Position	
	Governmental Activities	Governmental Activities
	<u>2021</u>	<u>2020</u>
<u>Cash receipts:</u>		
Program cash receipts:		
Charges for services and sales	\$ 2,474,779	\$ 2,719,916
Operating grants and contributions	8,803,406	6,818,255
Capital grants and contributions	40,632	-
General cash receipts:		
Property taxes	20,752,993	19,055,111
Payments in lieu of taxes	359,070	378,346
Grants and entitlements	18,000,797	17,516,789
Earnings on investments	104,424	333,879
Miscellaneous	<u>162,475</u>	<u>177,598</u>
Total cash receipts	<u>50,698,576</u>	<u>46,999,894</u>

-Continued

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

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

**Change in Net Cash Position
(Continued)**

	<u>Governmental Activities 2021</u>	<u>Governmental Activities 2020</u>
<u>Cash disbursements:</u>		
Current:		
Instruction:		
Regular	\$ 22,126,444	\$ 21,774,343
Special	6,214,928	6,080,934
Vocational	400,036	450,928
Support services:		
Pupil	2,834,052	2,511,372
Instructional staff	1,660,320	1,772,303
Board of education	38,891	68,115
Administration	4,737,806	4,992,721
Fiscal	728,325	925,593
Business	160,105	159,097
Operations and maintenance	3,426,457	3,069,258
Pupil transportation	1,557,207	1,598,243
Central	266,280	256,794
Operation of non-instructional services:		
Other non-instructional services	245,455	112,374
Food service operations	1,540,776	1,492,474
Extracurricular activities	840,213	835,707
Facilities acquisition and construction	2,872,231	6,332,930
Debt service:		
Principal retirement	205,000	825,000
Interest and fiscal charges	95,889	107,105
Total cash disbursements	<u>49,950,415</u>	<u>53,365,291</u>
Change in net cash position	748,161	(6,365,397)
Net cash position at beginning of year	<u>11,809,750</u>	<u>18,175,147</u>
Net cash position at end of year	<u><u>\$ 12,557,911</u></u>	<u><u>\$ 11,809,750</u></u>

Governmental Activities

Net cash position of the District's governmental activities increased \$748,161. Total governmental cash disbursements of \$49,950,415 were offset by program cash receipts of \$11,318,817 and general cash receipts of \$39,379,759. Program cash receipts supported 22.66% of the total governmental cash disbursements.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

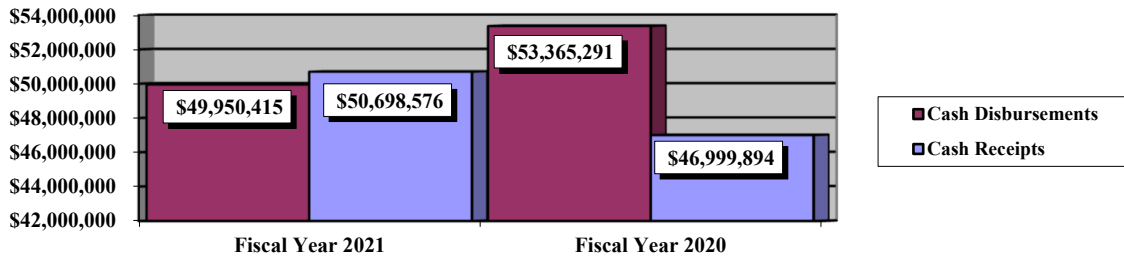
**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021
(UNAUDITED)**

The primary sources of cash receipts for governmental activities are derived from property taxes and unrestricted grants and entitlements. These cash receipt sources represent 77.15% of total governmental cash receipts. The increase in cash receipts related to property taxes is mainly attributable to increased assessed values and the timing of collections. The increase in unrestricted grants and entitlements was due to increased funding from the State of Ohio in the form of Foundation payments. Earnings on investments decreased due to decreased interest rates. Operating grants and contributions increased due to the receipt of Student Wellness and Success funding from the State of Ohio and COVID-19 relief funding from the Federal government. Capital grants and contributions increased due to the District receiving a grant to purchase a school bus. Overall cash receipts increased from the prior fiscal year.

The largest cash disbursement category of the District is for instructional programs. Instruction cash disbursements totaled \$28,741,408 or 57.54% of total governmental cash disbursements for fiscal year 2021. Special instruction disbursements increased due to increased costs associated with the education of students with special needs. Facilities acquisition and construction decreased approximately \$3.4 million as the District completed its fieldhouse construction project. Overall cash disbursements decreased from the prior fiscal year.

The graph below presents the District’s governmental activities cash receipts and cash disbursements for fiscal years 2021 and 2020.

Governmental Activities - Cash Receipts and Cash Disbursements



**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

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

The statement of activities – cash basis shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2021 and 2020. That is, it identifies the cost of these services supported by tax receipts, unrestricted State grants and entitlements, and other general cash receipts.

	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>
Governmental Activities				
Cash disbursements:				
Instruction:				
Regular	\$ 22,126,444	\$ 18,947,884	\$ 21,774,343	\$ 19,285,685
Special	6,214,928	1,478,361	6,080,934	1,544,779
Vocational	400,036	338,089	450,928	388,981
Support services:				
Pupil	2,834,052	1,939,146	2,511,372	1,885,798
Instructional staff	1,660,320	1,336,436	1,772,303	1,720,681
Board of education	38,891	38,891	68,115	68,115
Administration	4,737,806	4,737,806	4,992,721	4,992,368
Fiscal	728,325	728,325	925,593	925,593
Business	160,105	160,105	159,097	159,097
Operations and maintenance	3,426,457	3,245,441	3,069,258	3,013,934
Pupil transportation	1,557,207	1,474,036	1,598,243	1,537,016
Central	266,280	251,880	256,794	242,394
Operation of non-instructional services:				
Other non-instructional services	245,455	59,737	112,374	(71,309)
Food service operations	1,540,776	20,473	1,492,474	251,835
Extracurricular activities	840,213	701,868	835,707	617,118
Facilities acquisition and construction	2,872,231	2,872,231	6,332,930	6,332,930
Debt service:				
Principal retirement	205,000	205,000	825,000	825,000
Interest and fiscal charges	95,889	95,889	107,105	107,105
Total	<u>\$ 49,950,415</u>	<u>\$ 38,631,598</u>	<u>\$ 53,365,291</u>	<u>\$ 43,827,120</u>

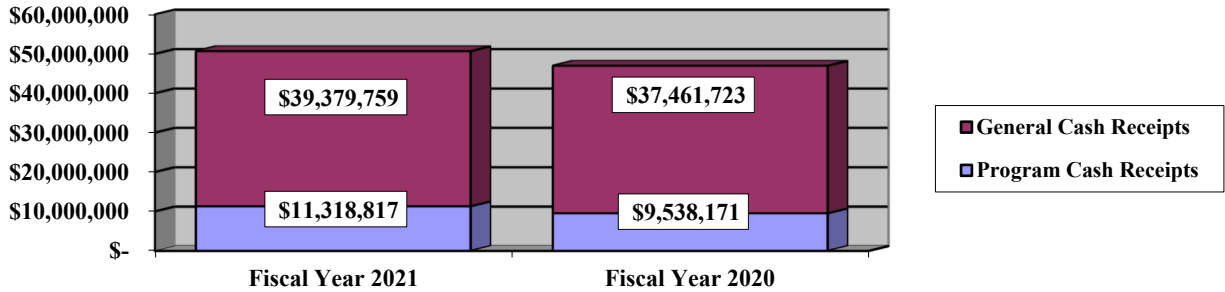
The dependence upon taxes and other general cash receipts for governmental activities is apparent, as 72.25% of instructional activities are supported through taxes and other general cash receipts. For all governmental activities, general cash receipt support is 77.34%. The District's taxpayers and unrestricted grants and entitlements are by far the primary support for the District's students.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

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

The graph below presents the District's governmental activities cash receipts for fiscal years 2021 and 2020.

Governmental Activities - General and Program Cash Receipts



The District's Funds

The District's governmental funds reported a combined fund cash balance of \$8,414,431, which is more than last year's total fund cash balance of \$7,516,174. The table below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2021 and June 30, 2020.

	Fund Cash Balance <u>June 30, 2021</u>	Fund Cash Balance <u>June 30, 2020</u>	Increase/ (Decrease)	Percentage <u>Change</u>
General	\$ 5,949,819	\$ 4,274,917	\$ 1,674,902	39.18 %
Student Wellness & Success	1,238,037	610,320	627,717	102.85 %
Permanent Improvement	994,879	2,566,478	(1,571,599)	(61.24) %
Nonmajor governmental	<u>231,696</u>	<u>64,459</u>	<u>167,237</u>	259.45 %
Total	<u>\$ 8,414,431</u>	<u>\$ 7,516,174</u>	<u>\$ 898,257</u>	11.95 %

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

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

General Fund

The District's general fund cash balance increased \$1,674,902.

The table that follows assists in illustrating the financial activities and fund cash balance of the general fund for fiscal years 2021 and 2020.

	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Increase/</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Cash receipts</u>				
Taxes	\$ 18,895,065	\$ 17,369,425	\$ 1,525,640	8.78 %
Tuition and fees	2,276,454	2,106,746	169,708	8.06 %
Earnings on investments	102,804	276,903	(174,099)	(62.87) %
Intergovernmental	20,123,468	19,526,713	596,755	3.06 %
Payments in lieu of taxes	359,070	378,346	(19,276)	(5.09) %
Other receipts	<u>179,477</u>	<u>326,112</u>	<u>(146,635)</u>	<u>(44.96) %</u>
Total	<u>\$ 41,936,338</u>	<u>\$ 39,984,245</u>	<u>\$ 1,952,093</u>	4.88 %
<u>Cash disbursements</u>				
Instruction	\$ 25,443,425	\$ 26,444,100	\$ (1,000,675)	(3.78) %
Support services	13,769,763	14,414,332	(644,569)	(4.47) %
Extracurricular activities	<u>678,095</u>	<u>627,099</u>	<u>50,996</u>	8.13 %
Total	<u>\$ 39,891,283</u>	<u>\$ 41,485,531</u>	<u>\$ (1,594,248)</u>	(3.84) %

Overall cash receipts of the general fund increased \$1,952,093 or 4.88% during fiscal year 2021. Tax receipts increased \$1,525,640 or 8.78% primarily due to increased assessment values and the timing of collections. The increase in tuition and fees receipts was primarily due to increased special education tuition. Tuition and fees receipts increased \$169,708 or 8.06% from fiscal year 2020. Earnings on investments decreased due to decreased interest rates. Intergovernmental receipts increased due to the District receiving more money from the State of Ohio in the form of foundation payments.

Overall cash disbursements of the general fund decreased \$1,594,248 or 3.84% during fiscal year 2021. Instruction disbursements decreased primarily in the area of regular instruction. Extracurricular activities increased due to increased costs associated with hosting events due to COVID-19.

Student Wellness & Success Fund

The student wellness & success fund had cash receipts of \$1,455,909 and \$828,192 in cash disbursements. During fiscal year 2021, the student wellness & success fund's fund cash balance increased \$627,717 from \$610,320 to \$1,238,037.

Permanent Improvement Fund

The permanent improvement fund had \$1,905,954 in cash receipts and \$3,477,553 in cash disbursements and other financing uses. During fiscal year 2021, the permanent improvement fund's fund cash balance decreased \$1,571,599 from \$2,566,478 to \$994,879.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

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

General Fund Budgeting Highlights

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

For the general fund, final budgetary basis receipts and other financing sources of \$40,462,326 were \$91,272 higher than original budget estimates. The actual budgetary basis receipts and other financing sources of \$42,683,184 were more than final budget estimates by \$2,220,858. The final budgetary basis disbursements of \$41,163,577 were \$748,000 higher than original budget estimates. The actual budgetary basis disbursements of \$41,150,897 were \$12,680 less than final budget estimates.

Capital Assets and Debt Administration

Capital Assets

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as cash disbursements. The District had facilities acquisition and construction cash disbursements of \$2,872,231 during fiscal year 2021.

Debt Administration

At June 30, 2021, the District had \$2,295,000 in tax anticipation notes. Of this total, \$215,000 is due within one year and \$2,080,000 is due in more than one year. The following table summarizes the debt outstanding.

	Outstanding Debt, Fiscal Year End	
	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
Tax Anticipation Notes - 2019	<u>\$ 2,295,000</u>	<u>\$ 2,500,000</u>

At June 30, 2021, the District's overall legal debt margin was \$66,781,322, with an unvoted debt margin of \$740,868. See Note 8 to the basic financial statements for detail on the District's debt administration.

Current Financial Related Activities

The financial position for the Mount Vernon City School District as we end our fiscal year 2021 is positive. ESSER funding allowed us to offset some costs and protect our general fund. Our end of year cash balance is over \$5,000,000 which is healthier than FY 20. We have plans to utilize ESSER II and III to continue offsetting a number of expenses including some salaries and benefits. This should keep the district on solid financial ground for the next 3-5 years.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and 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 questions about this report or need additional financial information contact Gary Hankins, Treasurer/CFO, Mount Vernon City School District, 300 Newark Road, Mount Vernon, Ohio 43050.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2021

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents	<u>\$ 12,557,911</u>
Net position:	
Restricted for:	
Capital projects	\$ 1,065,307
Debt service	103,175
State funded programs	1,276,315
Federally funded programs	564
Food service operations	227
Student activities	114,318
Other purposes	26,723
Unrestricted	<u>9,971,282</u>
Total net position	<u>\$ 12,557,911</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

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

	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Regular	\$ 22,126,444	\$ 1,947,414	\$ 1,231,146	\$ -	\$ (18,947,884)
Special	6,214,928	339,176	4,397,391	-	(1,478,361)
Vocational	400,036	-	61,947	-	(338,089)
Support services:					
Pupil	2,834,052	24,850	870,056	-	(1,939,146)
Instructional staff	1,660,320	41	323,843	-	(1,336,436)
Board of education	38,891	-	-	-	(38,891)
Administration	4,737,806	-	-	-	(4,737,806)
Fiscal	728,325	-	-	-	(728,325)
Business	160,105	-	-	-	(160,105)
Operations and maintenance	3,426,457	315	180,701	-	(3,245,441)
Pupil transportation	1,557,207	-	42,539	40,632	(1,474,036)
Central	266,280	-	14,400	-	(251,880)
Operation of non-instructional services:					
Food service operations	1,540,776	32,202	1,488,101	-	(20,473)
Other non-instructional services	245,455	-	185,718	-	(59,737)
Extracurricular activities	840,213	130,781	7,564	-	(701,868)
Facilities acquisition and construction	2,872,231	-	-	-	(2,872,231)
Debt service:					
Principal retirement	205,000	-	-	-	(205,000)
Interest and fiscal charges	95,889	-	-	-	(95,889)
Total governmental activities	\$ 49,950,415	\$ 2,474,779	\$ 8,803,406	\$ 40,632	(38,631,598)
			General receipts:		
			Property taxes levied for:		
			General purposes	18,895,065	
			Debt service	2,519	
			Capital projects	1,855,409	
			Payments in lieu of taxes	359,070	
			Grants and entitlements not restricted to specific programs	18,000,797	
			Investment earnings	104,424	
			Miscellaneous	162,475	
			Total general receipts	39,379,759	
			Change in net position	748,161	
			Net position at beginning of year	11,809,750	
			Net position at end of year	\$ 12,557,911	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General</u>	<u>Student Wellness & Success</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 5,949,819	\$ 1,238,037	\$ 994,879	\$ 231,696	\$ 8,414,431
Fund balances:					
Restricted:					
Debt service	\$ -	\$ -	\$ -	\$ 103,175	\$ 103,175
Capital improvements	-	-	994,879	70,428	1,065,307
Food service operations	-	-	-	227	227
Non-public schools	-	-	-	30,892	30,892
State funded programs	-	1,238,037	-	7,386	1,245,423
Federally funded programs	-	-	-	564	564
Extracurricular	-	-	-	114,318	114,318
Other purposes	-	-	-	26,723	26,723
Committed:					
Other purposes	-	-	-	8,197	8,197
Assigned:					
Student instruction	28,696	-	-	-	28,696
Student and staff support	217,011	-	-	-	217,011
Extracurricular activities	5,873	-	-	-	5,873
Unassigned (deficit)	5,698,239	-	-	(130,214)	5,568,025
Total fund balances	<u>\$ 5,949,819</u>	<u>\$ 1,238,037</u>	<u>\$ 994,879</u>	<u>\$ 231,696</u>	<u>\$ 8,414,431</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

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

Total governmental fund balances	\$ 8,414,431
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>	
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.	<u>4,143,480</u>
Net position of governmental activities	<u><u>\$ 12,557,911</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General	Student Wellness & Success	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Receipts:					
Property taxes	\$ 18,895,065	\$ -	\$ 1,855,409	\$ 2,519	\$ 20,752,993
Intergovernmental	20,123,468	1,455,909	44,400	5,154,930	26,778,707
Investment earnings	102,804	-	17	4,215	107,036
Tuition and fees	2,276,454	-	-	-	2,276,454
Extracurricular	22,821	-	-	142,987	165,808
Rental income	315	-	-	-	315
Charges for services	-	-	-	32,202	32,202
Contributions and donations	21,500	-	-	59,975	81,475
Payment in lieu of taxes	359,070	-	-	-	359,070
Miscellaneous	134,841	-	6,128	1,996	142,965
Total receipts	<u>41,936,338</u>	<u>1,455,909</u>	<u>1,905,954</u>	<u>5,398,824</u>	<u>50,697,025</u>
Disbursements:					
Current:					
Instruction:					
Regular	20,925,294	290,909	91,187	747,161	22,054,551
Special	4,118,874	172,611	-	1,899,052	6,190,537
Vocational	399,257	-	-	-	399,257
Support services:					
Pupil	2,216,670	364,672	-	243,090	2,824,432
Instructional staff	1,114,462	-	212,256	328,031	1,654,749
Board of education	38,891	-	-	-	38,891
Administration	4,728,521	-	-	-	4,728,521
Fiscal	702,444	-	24,116	52	726,612
Business	159,566	-	-	-	159,566
Operations and maintenance	3,180,528	-	50,754	183,853	3,415,135
Pupil transportation	1,383,027	-	124,562	40,632	1,548,221
Central	245,654	-	-	20,626	266,280
Operation of non-instructional services:					
Food service operations	-	-	-	1,533,228	1,533,228
Other non-instructional services	-	-	-	245,455	245,455
Extracurricular activities	678,095	-	-	162,118	840,213
Facilities acquisition and construction	-	-	2,473,767	398,464	2,872,231
Debt service:					
Principal retirement	-	-	-	205,000	205,000
Interest and fiscal charges	-	-	-	95,889	95,889
Total disbursements	<u>39,891,283</u>	<u>828,192</u>	<u>2,976,642</u>	<u>6,102,651</u>	<u>49,798,768</u>
Excess of receipts over (under) disbursements	<u>2,045,055</u>	<u>627,717</u>	<u>(1,070,688)</u>	<u>(703,827)</u>	<u>898,257</u>
Other financing sources (uses):					
Transfers in	-	-	-	871,064	871,064
Transfers (out)	(570,153)	-	(300,911)	-	(871,064)
Advances in	200,000	-	-	-	200,000
Advances (out)	-	-	(200,000)	-	(200,000)
Total other financing sources (uses)	<u>(370,153)</u>	<u>-</u>	<u>(500,911)</u>	<u>871,064</u>	<u>-</u>
Net change in fund balances	1,674,902	627,717	(1,571,599)	167,237	898,257
Fund balances at beginning of year	<u>4,274,917</u>	<u>610,320</u>	<u>2,566,478</u>	<u>64,459</u>	<u>7,516,174</u>
Fund balances at end of year	<u>\$ 5,949,819</u>	<u>\$ 1,238,037</u>	<u>\$ 994,879</u>	<u>\$ 231,696</u>	<u>\$ 8,414,431</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds	\$	898,257
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund disbursements and the related internal service fund receipts are eliminated. The net receipts (disbursement) of the internal service fund is allocated among the governmental activities.		<u>(150,096)</u>
Change in net position of governmental activities	\$	<u>748,161</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts:				
Property taxes	\$ 17,369,425	\$ 17,410,178	\$ 18,895,065	\$ 1,484,887
Intergovernmental	19,526,713	19,570,115	20,123,468	553,353
Investment earnings	276,903	277,125	102,804	(174,321)
Tuition and fees	2,209,956	2,214,865	2,276,454	61,589
Extracurricular	3,390	3,397	3,154	(243)
Rental income	15,324	15,325	315	(15,010)
Contributions and donations	290	291	333	42
Payment in lieu of taxes	378,346	379,120	359,070	(20,050)
Miscellaneous	109,882	111,085	557,951	446,866
Total receipts	<u>39,890,229</u>	<u>39,981,501</u>	<u>42,318,614</u>	<u>2,337,113</u>
Disbursements:				
Current:				
Instruction:				
Regular	21,006,184	20,203,343	21,194,499	(991,156)
Special	4,002,503	4,581,549	4,180,270	401,279
Vocational	449,732	523,631	412,307	111,324
Support services:				
Pupil	2,059,946	2,225,161	2,221,502	3,659
Instructional staff	1,367,893	1,452,476	1,171,776	280,700
Board of education	73,284	80,560	39,039	41,521
Administration	4,922,098	4,685,406	4,780,070	(94,664)
Fiscal	926,689	959,138	710,710	248,428
Business	155,382	185,664	162,490	23,174
Operations and maintenance	3,122,357	3,618,109	3,328,200	289,909
Pupil transportation	1,470,514	1,613,832	1,437,025	176,807
Central	249,367	295,314	246,549	48,765
Extracurricular activities	609,628	739,394	696,307	43,087
Total disbursements	<u>40,415,577</u>	<u>41,163,577</u>	<u>40,580,744</u>	<u>582,833</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(525,348)</u>	<u>(1,182,076)</u>	<u>1,737,870</u>	<u>2,919,946</u>
Other financing sources (uses):				
Refund of prior year's disbursements	280,825	280,825	160,920	(119,905)
Transfers (out)	-	-	(570,153)	(570,153)
Advances in	200,000	200,000	200,000	-
Sale of capital assets	-	-	3,650	3,650
Total other financing sources (uses)	<u>480,825</u>	<u>480,825</u>	<u>(205,583)</u>	<u>(686,408)</u>
Net change in fund balance	(44,523)	(701,251)	1,532,287	2,233,538
Fund balance at beginning of year	4,129,751	4,129,751	4,129,751	-
Prior year encumbrances appropriated	36,201	36,201	36,201	-
Fund balance at end of year	<u>\$ 4,121,429</u>	<u>\$ 3,464,701</u>	<u>\$ 5,698,239</u>	<u>\$ 2,233,538</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
STUDENT WELLNESS & SUCCESS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts:				
Intergovernmental	\$ 1,050,679	\$ 1,050,679	\$ 1,455,909	\$ 405,230
Total receipts	<u>1,050,679</u>	<u>1,050,679</u>	<u>1,455,909</u>	<u>405,230</u>
Disbursements:				
Current:				
Instruction:				
Regular	1,389,879	1,389,879	290,909	1,098,970
Special	92,799	92,799	172,611	(79,812)
Support services:				
Pupil	117,322	117,322	364,672	(247,350)
Total disbursements	<u>1,600,000</u>	<u>1,600,000</u>	<u>828,192</u>	<u>771,808</u>
Net change in fund balance	(549,321)	(549,321)	627,717	1,177,038
Fund balance at beginning of year	<u>610,320</u>	<u>610,320</u>	<u>610,320</u>	<u>-</u>
Fund balance at end of year	<u>\$ 60,999</u>	<u>\$ 60,999</u>	<u>\$ 1,238,037</u>	<u>\$ 1,177,038</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2021

	Governmental Activities - Internal Service Funds
Assets:	
Equity in pooled cash and cash equivalents	<u>\$ 4,143,480</u>
Net position:	
Unrestricted	<u>\$ 4,143,480</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN NET POSITION - CASH BASIS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Governmental Activities - Internal Service Funds
Operating receipts:	
Charges for services	\$ 5,942,992
Operating disbursements:	
Fringe benefits	719,943
Claims	5,373,696
Materials and supplies	1,000
Total operating disbursements	6,094,639
Operating (loss)	(151,647)
Nonoperating receipts:	
Interest receipts	1,551
Change in net position	(150,096)
Net position at beginning of year	4,293,576
Net position at end of year	\$ 4,143,480

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Mount Vernon City School District (the “District”) is organized under Article VI, Sections 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 was established in the 1870’s through the consolidation of existing land areas and school districts. The District serves an area of approximately 138 square miles. It is located in Knox County, and includes all of the City of Mount Vernon, the Village of Gambier, and portions of Brown, Clinton, College, Harrison, Howard, Liberty, Miller, Monroe, Morgan, Morris, Pike and Pleasant Townships. The District is staffed by 135 non-certified employees and 292 certified full-time teaching personnel who provide services to 3,756 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed in Note 2.D., these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In cases where these cash basis statements contain items that are the same as, or similar to, those items in financial statements prepared in conformity with GAAP, similar informative disclosures are provided. Following are the more significant of the District’s accounting policies.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the 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; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

The following organizations are described due to their relationship to the District:

Parochial Schools

Within the District boundaries, St. Vincent De Paul Elementary is operated through the Columbus Catholic Diocese and Christian Star Academy Elementary is operated as a private school. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial schools. The activity of these State monies by the District is reflected in a special revenue fund for financial reporting purposes.

JOINTLY GOVERNED ORGANIZATIONS

Licking Area Computer Association

The Licking Area Computer Association (LACA) is an Information Technology Center (ITC) in the State of Ohio that, along with other ITCs, make up the Ohio Education Computer Network (OECN). LACA was founded in 1982, and is a non-profit organization, owned and governed by the schools it serves. LACA provides a variety of computer services to its member K-12 districts, including accounting, payroll, student grading, student scheduling, electronic grade books, professional development, internet, Local Area Network (LAN) support, library automation, and Education Management Information System (EMIS) reporting to the Ohio Department of Education. The District paid LACA \$171,567 for services in fiscal year 2021. Financial information can be obtained from Chad Carson, who serves as Executive Director, at 150 South Quentin Road, Newark, Ohio 43055.

Knox County Career Center

The Knox County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected Boards of Education, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Knox County Career Center, Tracy Elliott, who serves as Treasurer, at 306 Martinsburg Road, Mount Vernon, Ohio 43050.

INSURANCE PURCHASING POOL

Workers' Compensation Group Rating Program

The District participates in the SchoolComp Group Retrospective Rating Program (Group Retro). Group Retro is an alternate rating program allowed by the Ohio Bureau of Workers' Compensation and offered through SchoolComp. The SchoolComp Group Retro Program is administered by CompManagement. The intent of the Group Retro is to reward participants that are able to keep their individual claim costs below a predetermined amount with refunds at the end of predetermined evaluation periods. See Note 9 for more information on Group Retro.

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable resources are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund cash balance is available for any purpose provided it is disbursed or transferred according to the general laws of Ohio.

Student wellness and success fund - The student wellness and success fund accounts for state grants used for providing for students' wellness and success.

Permanent improvement fund - The permanent improvement capital projects fund accounts for levy collections used for the acquisition, construction, or improvement of capital facilities.

Other governmental funds of the District are used to account for (a) financial resources that are restricted to the payment of long-term debt principal, interest and related costs, and (b) specific receipt sources that are restricted or committed to a disbursement for specified purposes other than debt service or capital projects.

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. Proprietary funds are classified as either enterprise or internal service; the District has no enterprise funds. The following is a description of the District's internal service fund:

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District's only internal service fund is used to account for self-insurance programs.

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 distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. The District does not report any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District does not have any custodial funds.

C. Basis of Presentation

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. Internal service fund operating activity is eliminated to avoid overstatement of receipts and disbursements.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the District.

All assets and net cash position associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

D. Basis of Accounting

Although required by Ohio Administrative Code § 117-2-03(B) to prepare its annual financial report in accordance with GAAP, the District chooses to prepare its financial statements and notes on the cash basis of accounting. The cash basis of accounting is a comprehensive basis of accounting other than GAAP. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

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

Budgetary presentations report budgetary cash disbursements when a commitment is made (i.e. when an encumbrance is approved). The difference between disbursements reported in the fund and government-wide statements and disbursements reported in the budgetary statements is due to current year encumbrances being added to disbursements reported in the budgetary statements.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraphs.

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds. Although the legal level of budgetary control was established at the fund level of disbursements, the District has elected to present the budgetary statement comparison at the fund and function level of disbursements. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Knox County Budget Commission for rate determination.

Estimated Resources:

By March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts from the certificate of estimated resources that was in effect at the time the original and final appropriations were passed by the Board of Education.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, at the fund level, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the legal level of control. Any revisions that alter the legal level of budgetary control must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the fiscal year, all supplemental appropriations were legally enacted.

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 budget amounts reflect the first appropriation resolution for that fund that cover the entire fiscal year, including amounts automatically carried over from prior year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board of Education during the fiscal year.

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts back to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During fiscal year 2021, investments were limited to commercial paper, negotiable CD's, federal agency securities, U.S. treasury bills, and U.S. government money market mutual funds. In accordance with the cash basis of accounting, all District investments are reported at cost.

Under existing Ohio statutes, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the general fund during fiscal year 2021 amounted to \$102,804, which includes \$58,926 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at fiscal year-end is provided in Note 4.

G. Inventory and Prepaid Items

The District reports cash disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant, and equipment purchased are recorded as cash disbursements when paid. These items are not reflected as assets in the accompanying financial statements under the cash basis of accounting. Depreciation has not been reported for any capital assets.

I. Interfund Balances

On the fund financial statements, the District reports advances in and advances out for interfund loans. These items are not reflected as assets and liabilities in the accompanying fund financial statements under the cash basis of accounting. Advances are eliminated in the statement of activities.

J. Compensated Absences

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

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

K. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability and net OPEB asset, 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. Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the cash disbursements for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postemployment healthcare.

M. Long-Term Obligations

Bonds, loans, capital leases, and other long-term obligations are not recognized as liabilities in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for principal and interest payments, bond issuance costs, and payments to refunded bond escrow agent.

N. Fund Cash Balance

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

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

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

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

Assigned - Amounts in the assigned fund cash balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund cash balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

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

O. Restricted Cash Assets

Cash assets are reported as restricted when limitations on their use change the normal understanding of the availability of the cash assets. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The District did not have any restricted cash assets at June 30, 2021.

P. Net Cash Position

Net cash position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District did not have any net cash position restricted by enabling legislation at June 30, 2021.

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

Q. Interfund Activity

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2021.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2021, the District has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended June 30, 2021. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed until the fiscal year ended June 30, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

B. Compliance

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

C. Deficit Fund Balances

Fund balances at June 30, 2021 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Elementary and secondary school emergency relief	\$ 25,347
IDEA, Part B	44,680
Title I, Disadvantaged children	50,461
IDEA Preschool grant for the handicapped	1,197
Improving teacher quality	8,529

These deficit cash balances resulted from a lag between disbursements made by the District and reimbursements from grantors and are allowable under Ohio Revised Code §3315.20. The general fund is liable for any deficit in these funds and will provide transfers when cash is required.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS

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

Interim deposits are deposits of interim monies. Interim monies are those monies 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.

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 and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
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 fair value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Certain banker's acceptance (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed forty percent of the interim monies available for investment at any one time if training requirements have been met.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At June 30, 2021, the carrying amount of all District deposits was \$10,354,569 and the bank balance of all District deposits was \$10,409,440. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2021, all of the District's bank balance of \$10,409,440 was covered by Federal Deposit Insurance Corporation (FDIC).

B. Investments

As of June 30, 2021, the District had the following investments and maturities:

Investment type	Carrying Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Commercial paper	\$ 499,305	\$ 499,305	\$ -	\$ -	\$ -	\$ -
Negotiable CD's	245,631	-	245,631	-	-	-
U.S. Treasury notes	198,987	-	-	-	74,968	124,019
FNMA	172,761	-	-	-	-	172,761
FFCB	873,613	-	-	149,930	299,775	423,908
FHLMC	74,030	-	-	-	-	74,030
FHLB	124,816	-	-	-	-	124,816
U.S. government market mutual funds	14,199	14,199	-	-	-	-
Total	\$ 2,203,342	\$ 513,504	\$ 245,631	\$ 149,930	\$ 374,743	\$ 919,534

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of purchase unless they are matched to a specific obligation or debt of the District.

Credit Risk: The District's negotiable CD's were not rated but are fully covered by the FDIC. The commercial paper was rated A1+ and A1 by Standard & Poor's and P1 by Moody's Investor Services. The District's investments in federal agency securities (FNMA, FFCB, FHLMC, and FHLB) and U.S Treasury notes were rated AA+ by Standard & Poor's and Aaa by Moody's Investor Services. The U.S. government money market mutual funds were rated AAAM by Standard and Poor's. The District has no investment policy that would further limit its investment choices.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments in commercial paper is exposed to custodial credit risk as it is uninsured, unregistered, and held by the counterparty's trust department or agent in the District's name. The District has no investment policy dealing with custodial credit risk beyond the requirements of State statute which prohibit payment for investments prior to the delivery of the securities representing the investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2021:

<u>Investment type</u>	<u>Carrying Value</u>	<u>% of Total</u>
Commercial paper	\$ 499,305	22.66
Negotiable CD's	245,631	11.15
U.S. Treasury notes	198,987	9.03
FNMA	172,761	7.84
FFCB	873,613	39.66
FHLMC	74,030	3.36
FHLB	124,816	5.66
U.S. government market mutual funds	<u>14,199</u>	<u>0.64</u>
Total	<u>\$ 2,203,342</u>	<u>100.00</u>

C. Reconciliation of Cash to the Statement of Net Position

The following is a reconciliation of cash as reported in the note disclosure above to cash as reported on the statement of net position as of June 30, 2021:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 10,354,569
Investments	<u>2,203,342</u>
Total	<u>\$ 12,557,911</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 12,557,911</u>

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 5 - INTERFUND TRANSACTIONS

A. Advances

Advances in/advances out consisted of the following at June 30, 2021 as reported on the fund statement:

<u>Advances In</u>	<u>Advances Out</u>	<u>Amount</u>
General fund	Permanent Improvement fund	<u>\$ 200,000</u>

This advance represents a partial repayment of a prior year advance made from the general fund to the permanent improvement fund. In 2017, the District advanced the permanent improvement fund \$875,000. This advance is expected to be repaid over a five year period. At June 30, 2021, the remaining interfund balance is \$75,000. The remaining interfund balance is expected to be repaid within the next two years.

Advances between governmental funds are eliminated on the government-wide financial statements.

B. Transfers

Interfund transfers during fiscal year 2021 consisted of the following, as reported on the fund financial statements:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Nonmajor governmental funds	General fund	\$ 570,153
Nonmajor governmental funds	Permanent Improvement fund	<u>300,911</u>
Total		<u>\$ 871,064</u>

Transfers are used to (1) move cash receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to disburse them, and (2) to use unrestricted cash receipts collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax receipts received in calendar year 2021 represent the collection of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed values as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax receipts received in calendar year 2021 represent the collection of calendar year 2020 taxes. Public utility real and personal property taxes received in calendar year 2021 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 6 - PROPERTY TAXES - (Continued)

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

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

	2020 Second Half Collections		2021 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 573,881,540	89.60	\$ 655,629,960	88.49
Public utility personal	<u>66,620,020</u>	<u>10.40</u>	<u>85,238,340</u>	<u>11.51</u>
Total	<u>\$ 640,501,560</u>	<u>100.00</u>	<u>\$ 740,868,300</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$36.69		\$35.53	

NOTE 7 - PAYMENTS IN LIEU OF TAXES

The District has entered into various tax increment financing agreements with local companies for the purpose of various improvements and developments. To encourage these improvements, the companies were granted an exemption from paying property taxes on the improvements and developments; however, payments in lieu of taxes are made to the District in an amount equal to the property taxes that otherwise would have been due in the current year. These payments are being used to finance the District's operations and will continue through fiscal year 2025. In the governmental fund financial statements, the District recorded payments in lieu of taxes cash receipts of \$359,070 in the general fund during fiscal year 2021.

NOTE 8 - LONG-TERM OBLIGATIONS

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

	Balance Outstanding			Balance Outstanding	Amounts Due in
	<u>July 1, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>One Year</u>
Governmental activities:					
Tax Anticipation Notes - 2019	<u>\$ 2,500,000</u>	<u>\$ -</u>	<u>\$ (205,000)</u>	<u>\$ 2,295,000</u>	<u>\$ 215,000</u>

Tax Anticipation Notes - 2019: In February of 2019, the District issued \$2,500,000 in tax anticipation notes for the purpose of constructing a field house and a bus garage/maintenance building for the District. The notes were issued for a ten-year period, with a final maturity during fiscal year 2030 and an interest rate of 4.00%. Payments of principal and interest are recorded as cash disbursements of the permanent improvement fund.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

B. Principal and interest requirements to retire long-term obligations outstanding at fiscal year-end are as follows:

Fiscal Year Ending June 30,	Tax Anticipation Notes - 2019		
	Principal	Interest	Total
2022	\$ 215,000	\$ 87,512	\$ 302,512
2023	225,000	78,712	303,712
2024	235,000	69,691	304,691
2025	245,000	59,913	304,913
2026	255,000	49,914	304,914
2027 - 2030	<u>1,120,000</u>	<u>91,725</u>	<u>1,211,725</u>
Total	<u>\$ 2,295,000</u>	<u>\$ 437,467</u>	<u>\$ 2,732,467</u>

C. Legal Debt Margin

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 code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2021, are a voted debt margin of \$66,781,322 (including available funds of \$103,175) and an unvoted debt margin of \$740,868.

NOTE 9 - RISK MANAGEMENT

A. Comprehensive

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2021, the District's insurance coverage was as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Liability Limit</u>
Buildings and contents blanket coverage	\$ 1,000	\$ 132,393,532
Inland marine coverage	500	1,336,631
Automobile liability	500	1,000,000
General liability		
Per occurrence		1,000,000
General aggregate		3,000,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in the amounts of insurance coverage from fiscal year 2020.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 9 - RISK MANAGEMENT – (Continued)

B. Health Care Self-Insurance Program

Medical/pharmacy and dental insurance is offered to employees through a self-insurance internal service fund. The District contracts with Gallagher Benefit Services for health care consulting services and pays a monthly fee for those services. In addition, the District pays an administrative fee to Mutual Health Services, a third-party administrator, who in turn pays the claims for the District. Claims of \$531,400 are due to be paid from the internal service fund at June 30, 2021. The claims outstanding balance is based on an estimate supplied by the District's third-party administrator and includes estimates of costs relating to incurred but not reported claims. Changes in claims due for the current and prior fiscal year are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2021	\$ 603,000	\$ 5,302,096	\$ (5,373,696)	\$ 531,400
2020	245,000	5,399,587	(5,041,587)	603,000

C. Workers' Compensation

The District participated in the SchoolComp Group Retrospective Rating Program (Group Retro) in fiscal year 2021 (See Note 2.A.). The intent of the Group Retro is to reward participants that are able to keep their individual claim costs below a predetermined amount. The District continues to pay their individual premium; however, the District will have the opportunity to receive retrospective premium adjustments (refunds or assessments) at the end of the three evaluation periods. The group's retrospective premium will be calculated at 12, 24, and 36 months after the end of the policy year. At the end of each period, the Bureau of Workers' Compensation (BWC) will take a snap-shot of the incurred claims losses for the entire group and calculate the group's retrospective premium. If the retrospective premium that is calculated is less than the group's total standard premium, all the participants will receive a refund. However, if the retrospective premium is greater than the group's total standard premium, an assessment will be levied by the BWC. CompManagement, LLC. provides administrative, cost control and actuarial services to the SchoolComp Group Retro program.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Plan Description - School Employees Retirement System (SERS)

Plan Description - The 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 after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the start of a COLA for future retirees. For 2021, the COLA was 0.5%.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% 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% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District's contractually required contribution to SERS was \$611,321 for fiscal year 2021.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, 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 website 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 (CO) 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% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. 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 fiscal year 2021, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$2,931,532 for fiscal year 2021.

Net Pension Liability

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an 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 prior measurement date	0.12360870%	0.16823855%	
Proportion of the net pension liability current measurement date	<u>0.12406730%</u>	<u>0.16743221%</u>	
Change in proportionate share	<u>0.00045860%</u>	<u>-0.00080634%</u>	
Proportionate share of the net pension liability	\$ 8,206,073	\$ 40,512,637	\$ 48,718,710

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.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investment expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2020, the mortality rates 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% of male rates, and 110% of female rates. Mortality among disabled members was based upon the 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.

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

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 average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The total pension liability was calculated using the discount rate of 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50%). 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 7.50%, 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 (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 11,241,317	\$ 8,206,073	\$ 5,659,444

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation are presented below:

	July 1, 2020
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

For the July 1, 2020, actuarial valuation, 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 July 1, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.45% 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, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

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 7.45%, 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 (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 57,682,942	\$ 40,512,637	\$ 25,962,234

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

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. 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.

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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was \$39,971.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$39,971 for fiscal year 2021.

Plan Description - State Teachers Retirement System (STRS)

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

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. 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% of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability/Asset

The net OPEB liability/asset was measured as of June 30, 2020, 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.11976430%	0.16823855%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.12078920%</u>	<u>0.16743221%</u>	
Change in proportionate share	<u>0.00102490%</u>	<u>-0.00080634%</u>	
Proportionate share of the net OPEB liability	\$ 2,625,145	\$ -	\$ 2,625,145
Proportionate share of the net OPEB asset	\$ -	\$ 2,942,620	\$ 2,942,620

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.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.45%
Prior measurement date	3.13%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	2.63%
Prior measurement date	3.22%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, 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.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22%. 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 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45%, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.13% was used as of June 30, 2019. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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 (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate (7.00% decreasing to 4.75%).

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 3,213,112	\$ 2,625,145	\$ 2,157,712

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,067,102	\$ 2,625,145	\$ 3,371,391

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation, compared with July 1, 2019, are presented below:

	July 1, 2020		July 1, 2019	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.00%	4.00%	5.87%	4.00%
Medicare	-6.69%	4.00%	4.93%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	7.73%	4.00%
Medicare	11.87%	4.00%	9.62%	4.00%

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

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

Actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2019.

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

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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	<u>100.00 %</u>	

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

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% 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 projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2020.

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, 2020, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) 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	\$ 2,560,270	\$ 2,942,620	\$ 3,267,028
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 3,246,891	\$ 2,942,620	\$ 2,571,970

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 12 - EMPLOYEE BENEFITS

A. Unpaid Vacation Leave and Sick Leave

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 200 days for certificated personnel and 220 days for classified personnel and administrators. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days for classified employees, 55 days for certificated employees, and 60 days for all administrators.

Unpaid vacation leave and sick leave is not recorded as a liability on the basic financial statements in accordance with the cash basis of accounting.

B. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees.

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of cash receipts, disbursements and change in fund balance - budget and actual (budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the cash basis are that:

- (a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a cash disbursement, as opposed to assigned, committed, or restricted fund cash balance for that portion of outstanding encumbrances (cash basis); and,
- (b) Some funds are included in the general fund (cash basis) but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the cash basis for the general fund and student wellness & success fund is as follows:

Net Change in Fund Cash Balance

	<u>General fund</u>	Student wellness & success
Budget basis	\$ 1,532,287	\$ 627,717
Fund budgeted elsewhere **	2,179	-
Adjustment for encumbrances	<u>140,436</u>	<u>-</u>
Cash basis	<u>\$ 1,674,902</u>	<u>\$ 627,717</u>

** The public school support fund is legally budgeted in a separate fund classification, however, this fund is considered part of the general fund on a cash basis.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement 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 District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is not party to any legal proceedings that would have a material effect, if any, on the financial condition of the District.

C. State Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As a result of the fiscal year 2021 review, the District owes \$6,085. This amount has not been included in the financial statements.

NOTE 15 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund cash receipt amounts, as defined by 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 year must be held in cash at fiscal year end. This amount must be carried forward to be used for the same purpose in future years. Disbursements and other applicable offsets exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2020	\$ -
Current year set-aside requirement	689,722
Current year offsets	<u>(1,899,809)</u>
Total	<u>\$ (1,210,087)</u>
Balance carried forward to fiscal year 2022	<u>\$ -</u>
Set-aside balance June 30, 2021	<u>\$ -</u>

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 16 – COMMITMENTS

Encumbrance Commitments

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 190,157
Permanent Improvement fund	361,142
Nonmajor governmental funds	<u>215,300</u>
Total	<u>\$ 766,599</u>

NOTE 17 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Other governments have entered into property tax abatement agreements with property owners under Enterprise Zone Agreements (“EZAs”) and the Ohio Community Reinvestment Area (“CRA”) program within taxing districts of the District. The EZAs and CRA program are directive incentive tax exemption programs benefiting property owners who renovate or construct new buildings. Under these programs, the other governments have designated areas to encourage revitalization of the existing housing stock and the development of new structures.

The District has incurred a reduction in property tax receipts due to agreements entered into by other governments. During fiscal year 2021, the District’s property tax receipts were reduced under agreements entered into by other governments as follows:

<u>Government Entering Into Agreement</u>	<u>Tax Abatement Program</u>		<u>District Taxes Abated</u>
	<u>CRA</u>	<u>Ezone</u>	
City of Mount Vernon	\$ 45,402	\$ 72,239	\$ 117,641
Liberty Township	<u>-</u>	<u>39,690</u>	<u>39,690</u>
Total	<u>\$ 45,402</u>	<u>\$ 111,929</u>	<u>\$ 157,331</u>

The District is not receiving any amounts from these other governments in association with the forgone property tax receipts.

NOTE 18 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. 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 pension and other employee benefits plan in which the District participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During fiscal year 2021, the District received \$221,918 as an on-behalf of grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 19 – SUBSEQUENT EVENTS

For fiscal year 2022, District foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the educating school. For fiscal year 2021, the District reported \$3,104,582 in revenues and expenditures/expenses related to these programs. Also, during fiscal year 2021, the District reported \$1,605,920 in tuition and fees from the resident school districts which will be direct funded to the District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique “per-pupil local capacity amount” for each District. The District’s state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

The District issued \$2,080,000 in Series 2022 Tax Anticipation Notes to refund the outstanding portion of the Series 2019 Tax Anticipation Notes. The notes mature December 1, 2029.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education</i>		
Child Nutrition Cluster:		
Non-Cash Assistance (Food Distribution) National School Lunch Program	10.555	\$78,569
COVID-19 School Breakfast Program	10.553	3,473
National School Lunch Program	10.555	219
COVID-19 National School Lunch Program	10.555	8,470
Summer Food Service Program for Children	10.559	1,280,257
COVID-19 Summer Food Service Program for Children	10.559	157,596
Total Child Nutrition Cluster		<u>1,528,584</u>
Non-Cash Assistance (Food Distribution) Fresh Fruit and Vegetable Program	10.582	19,995
Fresh Fruit and Vegetable Program	10.582	18,045
Total Fresh Fruit and Vegetable Program		<u>38,040</u>
Total U.S. Department of Agriculture		<u>1,566,624</u>
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010A	1,086,022
Special Educational Cluster (IDEA)		
Special Education - Grants to States	84.027A	1,001,170
Special Education - Preschool Grant	84.173A	29,548
Total Special Educational Cluster (IDEA)		<u>1,030,718</u>
Improving Teacher Quality State Grants	84.367A	184,766
Student Support & Academic Enrichment	84.424A	59,913
COVID-19 Education Stabilization Fund	84.425D	678,525
<i>Passed Through Licking County Educational Service Center</i>		
English Language Acquisition State Grants	84.365	5,123
Total U.S. Department of Education		<u>3,045,066</u>
U.S. DEPARTMENT OF TREASURY		
<i>Passed Through Ohio Department of Education</i>		
COVID-19 Coronavirus Relief Fund	21.019	205,118
<i>Passed Through Brown Township, Knox County, Ohio</i>		
COVID-19 Coronavirus Relief Fund	21.019	16,800
Total U.S. Department of Treasury		<u>221,918</u>
Total Expenditures of Federal Awards		<u><u>\$4,833,609</u></u>

The accompanying notes are an integral part of this schedule.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY**

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Mount Vernon City School District (the District) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The District did not provide funds to sub-recipients during the audit report.

NOTE E - CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

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

NOTE G - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2021 to 2022 programs:

Program Title	AL Number	Amt. Transferred
Title I Grants to Local Educational Agencies	84.010	\$ 243,290
Special Education - Grants to States	84.027	\$ 40,219
Title I Grants to Local Educational Agencies	84.010A	\$ 25,502
Improving Teacher Quality State Grants	84.367A	\$ 12,362
Student Support & Academic Enrichment	84.424A	\$ 29,234

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

Mount Vernon City School District
Knox County
300 Newark Road
Mount Vernon, Ohio 43050

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mount Vernon City School District, Knox County, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 3, 2022, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2021-001.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and corrective action plan. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

August 3, 2022

OHIO AUDITOR OF STATE KEITH FABER



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

Mount Vernon City School District
Knox County
300 Newark Road
Mount Vernon, Ohio 43050

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited Mount Vernon City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Mount Vernon City School District's major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Mount Vernon City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

August 3, 2022

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster 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 2021-001

Annual Financial Reporting - Noncompliance

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

MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021
(Continued)

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

FINDING NUMBER 2021-001 (Continued)

Annual Financial Reporting – Noncompliance (Continued)

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

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

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

Officials' Response:

See Corrective Action Plan

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

4. OTHER – FINDINGS FOR RECOVERY

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

FINDING NUMBER 2021-002

Severance Overpayment – Finding for Recovery - Repaid Under Audit

Ohio Association of Public School Employees Local # 470 Union Contract, Article 28 - Retirement Pay, Section (B)(1) indicates the maximum payment under this section shall not exceed one quarter of the employee's accumulated but unused sick leave to a maximum of fifty-six (56) days for each year of this Agreement. **Section B(2)** indicates payment shall be based on the per diem rate of the employee's pay at the time of retirement.

**MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY**

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

4. OTHER – FINDINGS FOR RECOVERY (Continued)

FINDING NUMBER 2021-002 (Continued)

Severance Overpayment – Finding for Recovery - Repaid Under Audit (Continued)

On January 22, 2021, the District made a direct deposit to Terry Streby in the amount of \$4,824.50, which consisted of payment of her unused sick leave due to retirement. A review of the severance payment indicated a daily rate of \$303.81 was used to calculate the severance payout. However, the most recent employee salary notice for Terry Streby indicated a daily rate of \$202.61. As a result of using the daily rate of \$303.81, an overpayment of \$1,607 occurred, as calculated below:

Sick Leave Days	Sick Leave Percent	Days to be paid out	Daily Rate	Total
63.5	25%	15.88	\$ 303.81	\$ 4,824
63.5	25%	15.88	\$ 202.61	<u>\$ 3,217</u>
Overpayment				<u>\$ 1,607</u>

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding For Recovery for public monies illegally expended is hereby issued against Terry Streby in the amount of \$1,607, and in favor of the Mount Vernon City School District General Fund.

On December 1, 2021, \$1,607 was repaid in full by Terry Streby and the monies were deposited into the District’s general checking account, and posted to the District’s General Fund. This finding has been completely repaid under audit.

FINDING NUMBER 2021-003

Salary Correction Overpayment - Finding for Recovery – Resolved Under Audit

Mount Vernon Education Association Union Contract, Article 6 – Salary and Fringe Benefits, Section 601 and Exhibits A-1 through A-3, describe salary schedules are based on education hours earned. The Administrative Assistant to Curriculum and Personnel makes salary schedule adjustments based on transcripts provided by the District’s teachers.

In April 2021, the District noted Cynthia Fannin’s placement on the District’s salary schedule was inaccurate. Cynthia Fannin was not advanced properly on the salary schedule in fiscal years 2011, 2014, and 2021. This resulted in an underpayment of \$2,999. On April 30, 2021, the District paid Cynthia Fannin a lump sum of \$2,000 and increased her gross pay amount by \$111 for nine pay periods for a total of \$2,999 additional payment. However, on April 30, 2021, it was noted the District paid an additional \$1,500 and \$500 with the description of “Last Pay” that had no support as to why the payments were made, resulting in an overpayment of \$2,000.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding For Recovery for public monies illegally expended is hereby issued jointly and severally against Cynthia Fannin, Gary Hankins, District Treasurer, and his bonding company Travelers Casualty and Surety Company of American, in the amount of \$2,000 and in favor of the Mount Vernon City School District General Fund.

MOUNT VERNON CITY SCHOOL DISTRICT
KNOX COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021
(Continued)

4. OTHER – FINDINGS FOR RECOVERY (Continued)

FINDING NUMBER 2021-003 (Continued)

Salary Correction Overpayment - Finding for Recovery – Resolved under Audit (Continued)

On April 28, 2022, the District entered into a repayment plan with Cynthia Fannin to reduce her gross pay amount by \$166.67 for twelve pay periods ending on August 19, 2022. As of August 3, 2022, \$1,667 was repaid and the monies were deposited into the District's general checking account and posted to the District's General Fund. This finding has been resolved under audit.

Officials' Response: About a year into my tenure as Treasurer we began noticing some salary discrepancies. One was pointed out to us but many were discovered through an internal audit. We have spent countless hours attempting to correct these problems. Many had easy solutions since they were nominal amounts of money. These were obviously recent issues but many had been going on for years. We had several discrepancies that began in the 2013-2014 school year and one that began in the 2011-2012 school year.

As the scope of the problem became clearer reports were run to show each certificated staff member, their salary, their contract cycle, and the numbers of years they have taught for MVCS. This report revealed some obvious salary code errors which were double checked by hand (examining personnel files), reviewed by my office and corrected when confirmed.

We have contacted the LGS office and a private entity to glean the benefit of pulling and accessing every personnel file by hand. The private company is cost prohibitive so we are hoping to partner with the Local Government Services branch of the auditor's office. In addition to these long term plans we have worked with the association to develop reminders to staff to examine their salary notices and compare it to the salary schedule so incidents like this do not happen in the future. Lastly, we have added an extra level of internal control and now require all salary notices produced to be checked by at least two members of my staff.



Mount Vernon City Schools

Board of Education
300 Newark Road
Mount Vernon, OH 43050

William Seder Jr., Superintendent Gary Hankins, Treasurer
Phone: (740)397-7422 Fax: (740)393-5949 Web Site: www.mvcsd.us

MOUNT VERNON CITY SCHOOL DISTRICT KNOX COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR § 200.515(b) JUNE 30, 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001 2019-001 2018-001	Ohio Rev. Code §117.38 - Annual Financial Report not prepared in accordance with generally accepted accounting principles Finding initially issued during FY12 Audit	Not Corrected	The Board of Education voted unanimously in 2013 not to report on a GAAP basis. Given the size of the District, the cost to report on GAAP exceeded the benefits. Mount Vernon reports on OCBOA. Reissued as 2021-001

“Excellence in Education”

BOARD OF EDUCATION

Ms. Mary Rugola-Dye

Dr. Margie Bennett

Mrs. Jody Goetzman

Mr. Jeff Ward

Mr. Tim Workman

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Mount Vernon City Schools

Board of Education
300 Newark Road
Mount Vernon, OH 43050

William Seder Jr., Superintendent Gary Hankins, Treasurer
Phone: (740)397-7422 Fax: (740)393-5949 Web Site: www.mvcsd.us

CORRECTIVE ACTION PLAN **2 CFR § 200.511(c)** **JUNE 30, 2021**

Finding Number: 2021-001
Planned Corrective Action: The Mount Vernon Board of Education, knowing that the GAAP method is required by the Ohio Revised Code, decided in the interest of cost containment to approve a contract with Julian & Grube for OCBOA statements to be prepared instead of GAAP for this year. The Board is aware that there will be a comment on our audit to address this matter, along with a financial penalty
Anticipated Completion Date: Reassess Annually
Responsible Contact Person: Gary Hankins, Treasurer

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BOARD OF EDUCATION

Ms. Mary Rugola-Dye

Dr. Margie Bennett

Mrs. Jody Goetzman

Mr. Jeff Ward

Mr. Tim Workman

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OHIO AUDITOR OF STATE KEITH FABER



MOUNT VERNON CITY SCHOOL DISTRICT

KNOX 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 8/30/2022

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

This report is a matter of public record and is available online at
www.ohioauditor.gov