bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2022

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OHIO AUDITOR OF STATE
KEITH FABER

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Board of Education
Huntington Local School District
188 Huntsman Road
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of the Huntington Local School District, Ross County, prepared by BHM CPA Group, Inc., for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Huntington Local School District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

January 30, 2023

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Ross County
For the Year Ended June 30, 2022
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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Huntington Local School District
Ross County
188 Huntsman Road
Chillicothe, Ohio 45601

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 23 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

BHM CPA Group

BHM CPA Group, Inc.
Piketon, Ohio
December 29, 2022

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

Financial Highlights

- The assets and deferred outflows of resources of Huntington Local School District exceeded its liabilities and deferred inflows of resources at June 30, 2022 by $8,594,846. Of this amount, $9,279,193 represents net investment in capital assets and net position amounts restricted for specific purposes. The remaining deficit of $684,347 represents unrestricted net position.

- In total, net position of governmental activities increased by $1,126,539 which represents a 15.08 percent increase from 2021.

- General revenues accounted for $13,914,069, or 69.45 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $6,121,069 or 30.55 percent of total revenues of $20,035,138.

- The District had $18,908,599 in expenses related to governmental activities; only $6,121,069 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes and grants and entitlements) of $13,914,069 were used to provide for the remainder of these programs.

- The District recognizes two major governmental funds: the General Fund and ESSER Fund. In terms of dollars received and spent, the General Fund is significantly larger than all the other funds of the District combined. The General Fund had $16,213,283 in revenues and $15,941,982 in expenditures in fiscal year 2022.

Using this Annual Report

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

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

Reporting the District as a Whole

Government-Wide Financial Statements

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

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major fund begins on page 12. Fund financial reports provide detailed information about the District's major fund. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental funds were the General Fund and ESSER Fund.

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

Governmental Funds

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Fiduciary Funds

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

Notes to the Basic Financial Statements

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

Government-Wide Financial Analysis

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

Table 1

Net Position at Year End

	Governmental Activities		
	2022	2021	Change
Assets:			
Current and Other Assets	$18,094,439	$17,846,287	$248,152
Net OPEB Asset	1,181,716	975,395	206,321
Capital Assets, Net	11,632,138	11,710,982	(78,844)
Total Assets	30,908,293	30,532,664	375,629
Deferred Outflows of Resources:			
Pension	3,965,062	3,108,630	856,432
OPEB	621,411	502,685	118,726
Total Deferred Outflows of Resources	4,586,473	3,611,315	975,158
Liabilities:			
Current and Other Liabilities	2,134,701	1,791,181	343,520
Long-Term Liabilities:			
Due Within One Year	359,338	349,146	10,192
Due in More than One Year:			
Net Pension Liability	9,076,664	16,524,540	(7,447,876)
Net OPEB Liability	1,010,169	1,005,210	4,959
Other Amounts	3,421,194	3,604,653	(183,459)
Total Liabilities	16,002,066	23,274,730	(7,272,664)
Deferred Inflows of Resources:			
Property Taxes	1,508,809	1,278,879	229,930
Pension	7,360,253	319,512	7,040,741
OPEB	2,028,792	1,802,551	226,241
Total Deferred Inflows of Resources	10,897,854	3,400,942	7,496,912
Net Position:			
Net Investment in Capital Assets	8,741,329	9,108,933	(367,604)
Restricted	537,864	463,564	74,300
Unrestricted	(684,347)	(2,104,190)	1,419,843
Total Net Position	$8,594,846	$7,468,307	$1,126,539

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

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

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

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

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

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

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

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

Current and other assets increased $248,152 from fiscal year 2021 due to an increase in intergovernmental receivable. Capital assets decreased by $78,844, due primarily to current year depreciation exceeding current year additions.

Current (other) liabilities increased by $343,520 or 19.18 percent, due to increases in contracts payable, accrued wages and benefits, and intergovernmental payable.

Long-term liabilities decreased by $7,616,184 or 35.45 percent, as a result of the decrease in net pension liabilities as a result of actuarial measurements done by the retirement systems. Additional information can be found in Note 11.

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

The District's smallest portion of net position is unrestricted, and carries a deficit balance of $684,347. Unrestricted net position represents resources that may be used to meet the District's ongoing obligations to its students and creditors.

The remaining balance of $537,864 is restricted net position. The restricted net position is subject to external restrictions on how they may be used.

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

Table 2
Changes in Net Position

	Governmental Activites		
	2022	2021	Change
Revenues:			
Program Revenues:			
Charges for Services and Sales	$612,394	$1,713,731	($1,101,337)
Operating Grants and Contributions	5,508,675	3,589,728	1,918,947
General Revenues:			
Property Taxes	1,464,654	1,300,444	164,210
Unrestricted Grants and Entitlements	12,630,246	12,719,407	(89,161)
Investment Earnings	(231,908)	(88,269)	(143,639)
Miscellaneous	51,077	279,224	(228,147)
Total Revenues	20,035,138	19,514,265	520,873
Expenses:			
Instruction:			
Regular	8,625,500	8,685,138	(59,638)
Special	2,412,798	2,278,150	134,648
Vocational	229,074	287,302	(58,228)
Student Intervention Services	5,193	0	5,193
Other	337,918	1,213,962	(876,044)
Support Services:			
Pupils	755,110	953,518	(198,408)
Instructional Staff	381,286	521,555	(140,269)
Board of Education	65,750	51,585	14,165
Administration	1,048,475	1,185,833	(137,358)
Fiscal	360,321	350,426	9,895
Operation and Maintenance of Plant	1,703,940	1,414,464	289,476
Pupil Transportation	1,029,821	1,035,155	(5,334)
Central	530,251	375,017	155,234
Operation of Non-Instructional Services:			
Food Services	701,305	807,787	(106,482)
Other	95,031	77,918	17,113
Extracurricular Activities	532,015	440,728	91,287
Interest and Fiscal Charges	94,811	105,192	(10,381)
Total Expenses	18,908,599	19,783,730	(875,131)
Change in Net Position	1,126,539	(269,465)	1,396,004
Net Position at Beginning of Year	7,468,307	7,737,772	(269,465)
Net Position at End of Year	$8,594,846	$7,468,307	$1,126,539

The most significant program expenses for the District are Regular Instruction, Special Instruction, Operation and Maintenance of Plant, Administration and Pupil Transportation. These programs account for 78.38 percent of the total governmental activities. Regular Instruction, which accounts for 45.62 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 12.76 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Operation and Maintenance of Plant, which represents 9.01 percent of the total, represent costs associated with operating and maintaining the District's facilities. Administration, which represents 5.54 percent of the total, represents costs associated with the overall administration responsibility for each building and the District as a whole. Pupil Transportation, which represents 5.45 percent of the total, represents costs associated with providing transportation services for students between home and school and to school activities.

As noted previously, the net position for the governmental activities increased $1,126,539 or 15.08 percent. This is a change from last year when net position decreased $269,465 or 3.48 percent. Total revenues increased $520,873 or 2.67 percent from last year and expenses decreased $875,131 or 4.42 percent from last year.

The District had a program revenue increase of $817,610 and a decrease in general revenue of $296,737. The increase in program revenue is due to an increase in operating grants and contributions and the decrease in general revenue is due to decreases in investment earnings and miscellaneous revenues.

The total expenses for governmental activities decreased $875,131 or 4.42 percent, the large decrease in expenses is the result of retirement systems calculations for net pension and OPEB liabilities. The actuarial measurements done by the retirement systems resulted in increases in liabilities and expenses. Additional information can be found in Notes 11 and 12.

Governmental Activities

Over the past several fiscal years, the District has remained in stable financial condition. This has been accomplished through good fiscal management. The District is heavily dependent on intergovernmental revenue and, like most Ohio schools, is hampered by a lack of revenue growth. Intergovernmental revenue made up 89.48 percent of the total revenue for the governmental activities in fiscal year 2022.

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

The District's intergovernmental revenue consists primarily of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2022, the District received $14,116,853 through the State's foundation program, which represents 70.46 percent of the total revenue for the governmental activities. The District relies heavily on this state funding to operate at the current levels of service.

Instruction accounts for 61.40 percent of governmental activities program expenses. Support services expenses make up 31.07 percent of governmental activities expenses. The Statement of Activities shows the cost of program services and charges for services and grants offsetting those services.

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

Table 3
Net Cost of Governmental Activities

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
Program Expenses:				
Instruction	$11,610,483	$8,064,778	$12,464,552	$8,915,993
Support Services	5,874,954	4,511,462	5,887,553	5,051,495
Operation of Non-Instructional Services	796,336	(154,618)	885,705	102,110
Extracurricular Activities	532,015	271,097	440,728	305,481
Interest and Fiscal Charges	94,811	94,811	105,192	105,192
Total Expenses	$18,908,599	$12,787,530	$19,783,730	$14,480,271

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting (See Note 2 for discussion of significant accounting policies). All governmental funds had total revenues and other financing sources of $19,061,974 and expenditures and other financing uses of $20,746,572.

The fund balances of the total governmental funds decreased by $1,684,598 or 12.34 percent. The fund balance for the year in the General Fund decreased $114,290 or 0.82 percent, the fund balance for the year in the ESSER fund decreased $1,769,609 or 297.97 percent, which was offset by an increase in the Other Governmental Funds of $199,301 or 51.58 percent.

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

Budget Highlights - General Fund

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

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

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

For the General Fund, the final budget basis revenue was $16,385,924, representing a decrease of $392,457 or 2.34 percent from the original budget estimate of $16,778,381. The decrease was the result of decreased expectations for tuition and fees. The final budget basis expenditures were $15,853,611 representing an increase of $479,303 or 3.12 percent from the original budget basis expenditures of $15,374,308. The increase was due to increases in regular instruction and operation and maintenance of plant.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the District had $23,357,932 invested in land, land improvements, buildings and improvements, furniture, fixtures, and equipment, and vehicles, of which all was in governmental activities. That total carries an accumulated depreciation of $11,725,794. Table 4 shows fiscal year 2022 balances compared to fiscal year 2021.

Table 4
Capital Assets & Accumulated Depreciation at Year End

	Governmental Activities	
	2022	2021
Nondepreciable Capital Assets:		
Land	$769,307	$769,307
Depreciable Capital Assets:		
Land Improvements	1,110,928	626,109
Buildings and Improvements	19,449,107	19,286,512
Furniture, Fixtures and Equipment	909,053	728,678
Vehicles	1,119,537	1,119,537
Total Capital Assets	23,357,932	22,530,143
Less Accumulated Depreciation:		
Land Improvements	(416,979)	(326,354)
Buildings and Improvements	(10,251,621)	(9,642,895)
Furniture, Fixtures and Equipment	(514,180)	(409,325)
Vehicles	(543,014)	(440,587)
Total Accumulated Depreciation	(11,725,794)	(10,819,161)
Capital Assets, Net	$11,632,138	$11,710,982

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

Debt Administration

At June 30, 2022, the District had $63,770 in general obligation debt outstanding with $63,770 due within one year. Table 5 summarizes the bonds outstanding for fiscal year 2022 compared to fiscal year 2021.

Table 5
Outstanding Debt, Governmental Activities at Year End

Purpose	2022	2021
2013 Energy Conservation Bonds	63,770	125,770
Total	$63,770	$125,770

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

Current Issues

Externally, the State of Ohio was found by the Ohio Supreme Court in March, 1997 to be operating an unconstitutional education system, one that was neither "adequate" nor "equitable". Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. Huntington Local School District has benefited drastically.

Although considered one of the lowest wealth districts, the District is financially stable, and has been over the past several years. As indicated in the preceding financial information, the State of Ohio provides the majority of the funding received by the District. Careful financial planning has permitted the District to provide a quality education for our students along with new and renovated facilities for the future, despite our low wealth status.

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

During the last several years, the District's enrollment has been declining, which is another cause for concern, as State funding is based on the number of students attending each district. The District continues to utilize and demonstrate fiscal responsibility by adopting balanced budgets and not overspending the budgets.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Becki Peden, Treasurer at Huntington Local School District, 188 Huntsmen Road, Chillicothe, Ohio 45601 or email at becki.peden@huntsmen.org.

HUNTINGTON LOCAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2022

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents and Investments	$13,885,593
Property Taxes Receivable	1,763,840
Accounts Receivable	17,028
Intergovernmental Receivable	2,406,085
Prepaid Items	6,925
Materials and Supplies Inventory	14,968
Net OPEB Asset	1,181,716
Nondepreciable Capital Assets	769,307
Depreciable Capital Assets, Net	10,862,831
Total Assets	30,908,293
Deferred Outflows of Resources:	
Pension	3,965,062
OPEB	621,411
Total Deferred Outflows of Resources	4,586,473
Liabilities:	
Accounts Payable	28,073
Accrued Wages and Benefits	1,451,385
Contracts Payable	302,337
Intergovernmental Payable	352,345
Accrued Interest Payable	561
Long-Term Liabilities:	
Due within One Year	359,338
Due in More Than One Year:	
Net Pension Liability	9,076,664
Net OPEB Liability	1,010,169
Other Amounts Due in More Than One Year	3,421,194
Total Liabilities	16,002,066
Deferred Inflows of Resources:	
Property Taxes	1,508,809
Pension	7,360,253
OPEB	2,028,792
Total Deferred Inflows of Resources	10,897,854
Net Position:	
Net Investment in Capital Assets	8,741,329
Restricted for:	
Debt Service	6,632
Other Purposes	203,301
Set Asides	327,931
Unrestricted	(684,347)
Total Net Position	$8,594,846

See accompanying notes to the basic financial statements.

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

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	$8,625,500	$342,951	$1,688,179	($6,594,370)
Special	2,412,798	0	1,210,670	(1,202,128)
Vocational	229,074	0	57,709	(171,365)
Student Intervention Services	5,193	0	4,979	(214)
Other	337,918	0	241,217	(96,701)
Support Services:				
Pupils	755,110	0	176,930	(578,180)
Instructional Staff	381,286	12,958	157,392	(210,936)
Board of Education	65,750	0	0	(65,750)
Administration	1,048,475	25,250	7,144	(1,016,081)
Fiscal	360,321	0	0	(360,321)
Operation and Maintenance of Plant	1,703,940	0	46,071	(1,657,869)
Pupil Transportation	1,029,821	0	937,747	(92,074)
Central	530,251	0	0	(530,251)
Operation of Non-Instructional Services:				
Food Service	701,305	24,040	926,378	249,113
Other	95,031	0	536	(94,495)
Extracurricular Activities	532,015	207,195	53,723	(271,097)
Interest and Fiscal Charges	94,811	0	0	(94,811)
Total Governmental Activities	$18,908,599	$612,394	$5,508,675	(12,787,530)

General Revenues:	
Property Taxes Levied for:	
General Purposes	1,464,654
Grants and Entitlements not Restricted to Specific Programs	12,630,246
Investment Earnings	(231,908)
Miscellaneous	51,077
Total General Revenues	13,914,069
Change in Net Position	1,126,539
Net Position at Beginning of Year	7,468,307
Net Position at End of Year	$8,594,846

See accompanying notes to the basic financial statements.

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

	General	ESSER	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents and Investments	$13,167,416	$0	$718,177	$13,885,593
Property Taxes Receivable	1,763,840	0	0	1,763,840
Accounts Receivable	17,028	0	0	17,028
Interfund Receivable	2,242,801	0	0	2,242,801
Intergovernmental Receivable	37,334	2,186,524	182,227	2,406,085
Prepaid Items	6,925	0	0	6,925
Materials and Supplies Inventory	3,255	0	11,713	14,968
Total Assets	$17,238,599	$2,186,524	$912,117	$20,337,240
Liabilities:				
Accounts Payable	$28,073	$0	$0	$28,073
Accrued Wages and Benefits	1,303,933	37,889	109,563	1,451,385
Contracts Payable	302,337	0	0	302,337
Intergovernmental Payable	234,912	96,192	21,241	352,345
Interfund Payable	0	2,229,414	13,387	2,242,801
Total Liabilities	1,869,255	2,363,495	144,191	4,376,941
Deferred Inflows of Resources:				
Property Taxes	1,622,843	0	0	1,622,843
Unavailable Revenue	469	2,186,524	182,227	2,369,220
Total Deferred Inflows of Resources	1,623,312	2,186,524	182,227	3,992,063
Fund Balances:				
Nonspendable	13,406	0	11,713	25,119
Restricted	0	0	661,683	661,683
Assigned	835,065	0	0	835,065
Unassigned	12,897,561	(2,363,495)	(87,697)	10,446,369
Total Fund Balances	13,746,032	(2,363,495)	585,699	11,968,236
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$17,238,599	$2,186,524	$912,117	$20,337,240

See accompanying notes to the basic financial statements.

HUNTINGTON LOCAL SCHOOL DISTRICT

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

Total Governmental Funds Balances		$11,968,236
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		11,632,138
Some of the District's receivables will be collected after fiscal year-end, but not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. These receivables consist of:		
Property taxes	114,034	
Intergovernmental	2,369,220	
Total receivables that are deferred in the funds		2,483,254
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:		
General obligation bonds	(63,770)	
Accrued interest on bonds	(561)	
Capital leases	(2,827,039)	
Compensated absences	(889,723)	
Total liabilities not reported in funds		(3,781,093)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension	3,965,062	
Deferred Outflows - OPEB	621,411	
Deferred Inflows - Pension	(7,360,253)	
Deferred Inflows - OPEB	(2,028,792)	
Net OPEB Asset	1,181,716	
Net Pension Liability	(9,076,664)	
Net OPEB Liability	(1,010,169)	
Total		(13,707,689)
Net Position of Governmental Activities		$8,594,846

See accompanying notes to the basic financial statements.

HUNTINGTON LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General	ESSER	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property Taxes	$1,456,055	$0	$0	$1,456,055
Intergovernmental	14,508,154	0	2,165,469	16,673,623
Interest	84,022	0	0	84,022
Increase (Decrease) in Fair Value of Investment	(315,930)	0	0	(315,930)
Tuition and Fees	304,375	0	0	304,375
Rent	11,800	0	0	11,800
Extracurricular Activities	28,170	0	217,233	245,403
Charges for Services	26,776	0	24,040	50,816
Contributions and Donations	61,734	0	53,408	115,142
Miscellaneous	48,127	0	2,950	51,077
Total Revenues	16,213,283	0	2,463,100	18,676,383
Expenditures:				
Current:				
Instruction:				
Regular	7,083,704	969,717	535,251	8,588,672
Special	2,228,354	816	248,090	2,477,260
Vocational	221,019	0	0	221,019
Student Intervention Services	0	5,193	0	5,193
Other	112,045	226,874	21,493	360,412
Support Services:				
Pupils	415,186	58,306	332,633	806,125
Instructional Staff	292,115	79,837	41,517	413,469
Board of Education	65,750	0	0	65,750
Administration	1,077,568	0	15,259	1,092,827
Fiscal	369,079	0	0	369,079
Operation and Maintenance of Plant	1,716,884	47,755	5,445	1,770,084
Pupil Transportation	940,321	65,033	74,921	1,080,275
Central	530,251	0	0	530,251
Operation of Non-Instructional Services	83,033	8,604	690,004	781,641
Extracurricular Activities	294,139	0	260,462	554,601
Capital Outlay	154,709	307,474	424,315	886,498
Debt Service:				
Principal Retirement	262,469	0	0	262,469
Interest and Fiscal Charges	95,356	0	0	95,356
Total Expenditures	15,941,982	1,769,609	2,649,390	20,360,981
Excess of Revenues Over (Under) Expenditures	271,301	(1,769,609)	(186,290)	(1,684,598)
Other Financing Sources (Uses):				
Transfers In	0	0	385,591	385,591
Transfers Out	(385,591)	0	0	(385,591)
Total Other Financing Sources (Uses)	(385,591)	0	385,591	0
Net Change in Fund Balances	(114,290)	(1,769,609)	199,301	(1,684,598)
Fund Balances at Beginning of Year	13,860,322	(593,886)	386,398	13,652,834
Fund Balances at End of Year	$13,746,032	($2,363,495)	$585,699	$11,968,236

See accompanying notes to the basic financial statements.

Net Change in Fund Balances - Total Governmental Funds		($1,684,598)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		(78,844)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of:		
Property taxes	8,599	
Intergovernmental	1,350,156	
Total revenues not reported in the funds		1,358,755
Repayment of bond principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		262,469
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		545
Some items reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Compensated absences		(89,202)
Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Activities reports these amounts as deferred outflows.		1,362,820
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities.		(5,406)
Change in Net Position of Governmental Activities		$1,126,539

See accompanying notes to the basic financial statements.

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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Property Taxes	$1,411,902	$1,435,582	$1,435,582	$0
Intergovernmental	13,700,610	14,471,289	14,471,289	0
Interest	92,486	70,745	84,022	13,277
Tuition and Fees	1,550,699	302,790	302,790	0
Rent	12,200	11,800	11,800	0
Contributions and Donations	5,174	48,250	48,250	0
Miscellaneous	5,310	45,468	45,468	0
Total Revenues	16,778,381	16,385,924	16,399,201	13,277
Expenditures:				
Current:				
Instruction:				
Regular	7,021,880	7,517,820	7,517,820	0
Special	1,882,176	2,207,619	2,207,619	0
Vocational	270,542	227,990	227,990	0
Other	1,098,821	112,045	112,045	0
Support Services:				
Pupils	294,879	387,946	387,946	0
Instructional Staff	382,184	294,412	294,412	0
Board of Education	49,597	71,831	71,831	0
Administration	1,134,844	1,052,409	1,052,409	0
Fiscal	337,449	347,087	347,087	0
Operation and Maintenance of Plant	1,178,759	1,715,381	1,715,381	0
Pupil Transportation	1,077,202	1,085,120	1,085,120	0
Central	0	10,000	10,000	0
Operation of Non-Instructional Services	72,062	83,033	83,033	0
Extracurricular Activities	250,691	315,351	315,351	0
Capital Outlay	3,580	106,521	106,521	0
Debt Service:				
Principal	226,000	232,000	232,000	0
Interest	93,642	87,046	87,046	0
Total Expenditures	15,374,308	15,853,611	15,853,611	0
Excess of Revenues Over Expenditures	1,404,073	532,313	545,590	13,277
Other Financing Sources (Uses):				
Advances In	978,577	978,577	978,577	0
Proceeds from the Sale of Capital Assets	1,050	0	0	0
Transfers Out	0	(597,225)	(597,225)	0
Advances Out	0	(13,387)	(13,387)	0
Total Other Financing Sources (Uses)	979,627	367,965	367,965	0
Net Change in Fund Balances	2,383,700	900,278	913,555	13,277
Fund Balance at Beginning of Year	13,673,854	13,673,854	13,673,854	0
Prior Year Encumbrances Appropriated	242,687	242,687	242,687	0
Fund Balance at End of Year	$16,300,241	$14,816,819	$14,830,096	$13,277

See accompanying notes to the basic financial statements.

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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Intergovernmental	$2,688,375	$2,233,203	$0	($2,233,203)
Total Revenues	2,688,375	2,233,203	0	(2,233,203)
Expenditures:				
Current:				
Instruction:				
Regular	1,114,594	947,798	947,798	0
Special	0	814	814	0
Vocational	0	5,193	5,193	0
Other	1,000,000	238,422	238,422	0
Support Services:				
Pupils	0	78,334	78,334	0
Instructional Staff	0	79,725	79,725	0
Operation and Maintenance of Plant	0	42,131	42,131	0
Pupil Transportation	0	53,286	53,286	0
Operation of Non-Instructional Services	0	8,604	8,604	0
Capital Outlay	0	227,474	227,474	0
Total Expenditures	2,114,594	1,681,781	1,681,781	0
Excess of Revenues Over Expenditures	573,781	551,422	(1,681,781)	(2,233,203)
Other Financing Sources (Uses):				
Advances Out	(698,568)	(698,568)	(698,568)	0
Total Other Financing Sources (Uses)	(698,568)	(698,568)	(698,568)	0
Net Change in Fund Balances	(124,787)	(147,146)	(2,380,349)	(2,233,203)
Fund Balance at Beginning of Year	(254)	(254)	(254)	0
Prior Year Encumbrances Appropriated	147,400	147,400	147,400	0
Fund Balance at End of Year	$22,359	$0	($2,233,203)	($2,233,203)

See accompanying notes to the basic financial statements.

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

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

The District was established in 1931 through the consolidation of existing land areas and school districts. The District serves an area of approximately 60 square miles. It is located in Ross County, and includes Huntington Township. It is staffed by 53 non-certificated employees, 86 certificated full-time teaching personnel, and 6 administrative employees who provide services to 1,101 students and other community members. The District currently operates three instructional buildings, a bus garage, and an athletic complex.

Reporting Entity

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

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

The District is associated with eight organizations, five of which are defined as jointly governed organizations, two as insurance purchasing pools and one as a claims servicing pool. These organizations are META Solutions, the Pickaway-Ross Career and Technology Center, the Great Seal Education Network of Tomorrow, the Coalition of Rural and Appalachian Schools, the Pilasco-Ross Special Education Regional Resource Center, the Ohio School Boards Association Workers' Compensation Group Rating Plan, the Ohio School Plan and the Ohio School Benefits Cooperative. These organizations are presented in Notes 20 and 21 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

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

Governmental Funds

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

The following is the District's two major governmental funds:

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

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

***Elementary and Secondary School Emergency Relief Grant (ESSER)Fund* -** This fund is used to account for federal monies received as part of CARES ACT relief funding. These funds are to be used for unforeseen costs that are the result of student instruction during the Coronavirus Pandemic.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only fiduciary fund is a private purpose trust fund that accounts for a trust held for scholarships, which had no activity during fiscal year 2022.

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

D. Basis of Accounting

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

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

Revenues - Exchange and Nonexchange Transactions

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

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

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

Deferred Outflows/Inflows of Resources

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

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

Expenses/Expenditures

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

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

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

E. Cash and Cash Equivalents

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

During the fiscal year 2022, investments were limited to federal agency securities, negotiable certificates of deposit, and U.S. treasury money market funds.

Except for nonparticipating investment contracts, the District reports investments at fair value. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2022 amounted to $84,022, which includes $7,310 assigned from other District funds.

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

F. Inventory

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

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

G. Prepaid Items

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition cost as of the date received. The District maintains a capitalization threshold of one thousand dollars. The District does not possess any infrastructure. Improvements are capitalized; the normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Any interest incurred during the construction of capital assets is also capitalized.

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

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

Description	Estimated Lives
Land Improvements	5 -7 years
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	3 - 20 years
Vehicles	3 - 10 years

I. Interfund Balances

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

J. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for classified and certified employees and administrators who have at least 10 years of service with the District.

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

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

K. Pensions

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

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

L. Accrued Liabilities and Long-Term Liabilities

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

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

M. Net Position

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

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Of the District's $537,864 in total restricted net position, none is restricted by enabling legislation.

N. Fund Balance Classifications

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

> ***Nonspendable*** – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.
>
> ***Restricted*** – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.
>
> ***Committed*** – amounts that can only be used for specific purposes pursuant to constraints imposed by formal ordinances or resolutions of the Board of Education – the District's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board of Education removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

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

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

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Education has provided otherwise in its commitment or assignment actions.

O. Interfund Transactions

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

P. Estimates

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

Q. Budgetary Process

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

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

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

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

NOTE 3 - NEW GASB PRONOUNCEMENTS

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

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

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

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

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

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

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

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

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

Net Change in Fund Balance	General	ESSER
GAAP Basis	($114,290)	($1,769,609)
Adjustments:		
Revenue Accruals	1,235,584	0
Expenditure Accruals	(291,100)	91,617
Encumbrances	(562,082)	(3,789)
Other Uses/Sources	367,965	(698,568)
Prospective Difference:		
Activity of Funds Reclassified For GAAP Reporting Purposes	277,478	0
Budget Basis	$913,555	($2,380,349)

NOTE 5 - ACCOUNTABILITY

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

Fund	Amount
ESSER Fund	$2,363,495
Nonmajor Special Revenue Funds:	
Miscellaneous State Grants	236
Title VI-B	28,027
Title VI-R	8,283
Intervention Grant	2,497
Title I	48,654

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

NOTE 6 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS 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 has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must be either evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public money deposited with the institution.

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

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

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

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

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

(4) Bonds and other obligations of the State of Ohio or Ohio local governments;

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

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

(7) Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and

(8) Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

The following information is presented in accordance with GASB Statement No. 40, "Deposit and Investment Risk Disclosures."

Deposits with Financial Institutions

Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the District may not be able to recover deposits on collateral securities that are the possession of an outside party. As of June 30, 2022, all of the District's bank balance of $4,097,535 was either covered by Federal Deposit Insurance or collateral was held by the pledging banks trust department not in the District's name.

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

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

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

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

All of the District's financial institutions are enrolled in the OPCS.

Investments: As of June 30, 2022, the District had the following investments and maturities:

		Investment Maturities		
Investment Type	Fair Value	Less Than One Year	One to Two Years	Three to Five Years
FFCB	$323,031	$0	$93,221	$229,810
FHLM	961,300	0	961,300	0
FNMA	185,782	0	0	185,782
FHLB	1,102,049	0	491,853	610,196
Commercial Paper	1,491,779	1,491,779	0	0
Negotiable CD's	5,690,497	2,215,859	2,099,816	1,374,822
Municipal Bonds	249,553	249,553	0	0
U.S. Treasury Money Market Fund	181,425	21,774	159,651	0
	$10,185,416	$3,978,965	$3,805,841	$2,400,610

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District's investments in Federal Farm Credit Bank, Federal Home Loan Mortgage, Federal National Mortgage Association, Federal Home Loan Bank, Commercial Paper and U.S. Treasury Money Market Funds were rated AA+ and AAAm by Standard & Poor's and Aaa and Aaa-mf by Moody's Investor Services, respectively. Credit ratings for the District's investments in negotiable certificates of deposit are not rated. The District's investments in municipal bonds was rated A1 by Moody's Investor Services. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

NOTE 6 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS 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 federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such 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, 2022:

Investment Type	Fair Value	% of Total
FFCB	$323,031	3.17%
FHLM	961,300	9.44%
FNMA	185,782	1.82%
FHLB	1,102,049	10.82%
Commercial Paper	1,491,779	14.65%
Negotiable CD's	5,690,497	55.87%
Municipal Bonds	249,553	2.45%
U.S. Treasury Money Market Fund	181,425	1.78%
	$10,185,416	100.00%

The District has categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the District's recurring fair value measurements as of June 30, 2022. All of the District's investments are valued using pricing sources as provided by the investments managers (Level 2).

NOTE 7 - PROPERTY TAXES

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

Real property taxes are paid by taxpayers annually or semi-annually. If paid annually, payment is due December 31, unless extended; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20, unless extended. Under certain circumstances, State statute permits earlier or later payment dates to be established.

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

NOTE 7 - PROPERTY TAXES - (Continued)

The District receives property taxes from Ross County. The Ross County Auditor periodically advances to the District their portion of the taxes collected. Second-half real property tax payments collected by Ross County by June 30, 2022 are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivables represent delinquent taxes outstanding and real property and public utility taxes which became measurable as of June 30, 2022. Although total property tax collections for the fiscal year are measurable, only the amount available as an advance at June 30, 2022 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amounts available as an advance at June 30, 2022 were $140,997 for the General Fund.

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

	2021 Second Half Collections		2022 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	$72,592,900	92.55%	$73,107,190	92.05%
Public Utility Personal	5,840,960	7.45%	6,311,370	7.95%
Total Assessed Value	$78,433,860	100.00%	$79,418,560	100.00%
Tax rate per $1,000 of assessed valuation	$30.00		$28.50	

NOTE 8–RECEIVABLES

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

NOTE 8–RECEIVABLES - (Continued)

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	
General Fund	$37,334
ESSER Fund	2,186,524
Nonmajor Special Revenue Funds:	
State Grants	515
Title I Sub A School Improvement	76,561
Title VI-B	17,630
Title VI-R	1,676
Title I	81,952
Other Federal Grants	3,893
Total Nonmajor Special Revenue Funds	182,227
Total Intergovenmental Receivable	$2,406,085

NOTE 9 - CAPITAL ASSETS

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

Asset Category	Balance at July 1, 2021	Additions	Deductions	Balance at June 30, 2022
Nondepreciable Capital Assets:				
Land	$769,307	$0	$0	$769,307
Total Nondepreciable Capital Assets	769,307	0	0	769,307
Depreciable Capital Assets:				
Land Improvements	626,109	484,819	0	1,110,928
Buildings and Improvements	19,286,512	162,595	0	19,449,107
Furniture, Fixtures and Equipment	728,678	180,375	0	909,053
Vehicles	1,119,537	0	0	1,119,537
Total Depreciable Capital Assets	21,760,836	827,789	0	22,588,625
Total Capital Assets	22,530,143	827,789	0	23,357,932
Accumulated Depreciation:				
Land Improvements	(326,354)	(90,625)	0	(416,979)
Buildings and Improvements	(9,642,895)	(608,726)	0	(10,251,621)
Furniture, Fixtures and Equipment	(409,325)	(104,855)	0	(514,180)
Vehicles	(440,587)	(102,427)	0	(543,014)
Total Accumulated Depreciation	(10,819,161)	(906,633)	0	(11,725,794)
Total Net Depreciable Capital Assets	10,941,675	(78,844)	0	10,862,831
Total Net Capital Assets	$11,710,982	($78,844)	$0	$11,632,138

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$546,217
Special	39,459
Vocational	12,850
Support Services:	
Pupils	22,200
Instructional Staff	5,956
Administration	36,053
Fiscal	6,688
Operations and Maintenance	78,101
Pupil Transportation	120,615
Operation of Non-Instructional Services:	
Food Service	28,638
Extracurricular Activities	9,856
Total Depreciation Expense	$906,633

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2022, the District contracted with Neil Coleman Insurance Agency for property and fleet insurance, liability insurance, inland marine coverage, and public official bonds. Coverage's provided are as follows:

Building and Contents - replacement cost ($2,500 deductible)	$ 56,099,587
School Band Uniforms ($500 deductible)	76,500
School Athletic Equipment ($500 deductible)	67,320
School Musical Instruments ($500 deductible)	78,880
School Cameras, Projection Machines, Films ($500 deductible)	51,000
Fine Arts ($500 deductible)	51,000
Signs that are attached and not attached to Buildings ($500 deductible	24,480
Dwellings Under Construction ($500 deductible)	100,000
Computer Fraud Coverage ($500 1,000 deductible)	25,000
Public Employee Dishonesty Coverage ($1,000 deductible)	50,000
Funds Transfer Fraud Coverage ($1,000 deductible)	25,000
Deception Fraud Coverage ($1,000 deductible)	50,000

NOTE 10 - RISK MANAGEMENT - (Continued)

During fiscal year 2022, the District joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that is selects. The District pays this annual premium to the OSP. (See Note 21).

Automobile Liability ($1,000 deductible)	1,000,000
Uninsured Motorists	1,000,000
Underinsured Motorists	1,000,000
Cyber Incident Response ($5,000 deductible)	1,000,000
Cyber Crime ($5,000 deductible)	250,000
System Damage & Business Interruption ($5,000 deductible)	1,000,000
Network Security & Privacy Liability ($5,000 deductible)	1,000,000
Media Liability ($5,000 deductible)	1,000,000
General Liability:	
Bodily Injury and Property Damage - Each Occurrence Limit and	1,000,000
Sexual Abuse Injury - Each Sexual Abuse Offense Limit	1,000,000
Personal and Advertising Injury – Each Offense Limit	1,000,000
Fire Damage - Any One Event Limit	500,000
Medical Expense - Any One Person Limit	10,000
Medical Expense - Each Accident Limit	10,000
General Aggregate Limit	3,000,000
Products - Completed Operations Limit	1,000,000
Employer’s Liability and Stop Gap Endorsement:	
Bodily Injury by Accident - Each Accident Limit	1,000,000
Bodily Injury by Disease - Endorsement Limit	1,000,000
Bodily Injury by Disease - Each Employee Limit	1,000,000
Fiduciary Liability - Claims Made:	
Fiduciary Liability - Each Fiduciary Claim Limit	1,000,000
Fiduciary Liability Aggregate Limit	3,000,000
Security and Law Enforcement Liability	
Each Occurrence, Offense or Sexual Abuse Offense	1,000,000
Aggregate	3,000,000
Educational Legal Liability Coverage ($2,500 deductible):	
Errors and Omissions Injury Limit - Each Wrongful Act	1,000,000
Errors and Omissions Injury Aggregate Limit	3,000,000
Employment Practices Injury Limit - Each Wrongful Act	1,000,000
Employment Practices Injury Aggregate Limit	3,000,000
Declaratory, Equitable and Injunctive Relieve Defense Aggregate	100,000

NOTE 10 - RISK MANAGEMENT - (Continued)

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

The District participates in the Comp Management Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The third party administrator, Comp Management, reviews each participant's claims experience and determines the rating tier for that participant.

The firm Comp Management, LLC. provides administrative, cost control and actuarial services to the Plan. Each year the District pays an enrollment fee to the Plan to cover costs of administering the program.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (Continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

The District's contractually required contribution to SERS was $276,768 for fiscal year 2022. Of this amount, none is reported as an intergovernmental receivable.

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

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

NOTE 11 - 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. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2022, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2022 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was $1,051,394 for fiscal year 2022. Of this amount, $152,560 is reported as an intergovernmental payable.

Net Pension Liability

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.05177880%	0.05604749%	
Prior Measurement Date	0.04680430%	0.05549909%	
Change in Proportionate Share	0.00497450%	-0.00054840%	
Proportionate Share of the Net Pension Liability	1,910,488	7,166,176	9,076,664
Pension Expense	47,238	17,357	64,595

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (Continued)

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$185	$221,399	$221,584
Changes of Assumptions	40,230	1,988,026	2,028,256
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	201,742	185,318	387,060
District Contributions Subsequent to the Measurement Date	276,768	1,051,394	1,328,162
Total Deferred Outflows of Resources	$518,925	$3,446,137	$3,965,062
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$49,547	$44,918	$94,465
Net Difference between Projected and Actual Investment	983,958	6,175,870	7,159,828
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	6,452	99,508	105,960
Total Deferred Inflows of Resources	$1,039,957	$6,320,296	$7,360,253

$1,328,162 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	($121,839)	($943,116)	($1,064,955)
2024	(139,995)	(840,122)	(980,117)
2025	(233,951)	(937,997)	(1,171,948)
2026	(302,015)	(1,204,318)	(1,506,333)
	($797,800)	($3,925,553)	($4,723,353)

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.

NOTE 11 - 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, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.4 percent	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.5 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.0 percent net of System expenses	7.0 percent net of System expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

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

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (Continued)

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

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

Discount Rate The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
District's Proportionate Share of the Net Pension Liability	$3,178,582	$1,910,488	$841,048

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (Continued)

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS – (Continued)

Discount Rate **-** The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's Proportionate Share of the Net Pension Liability	$13,419,565	$7,166,176	$1,882,075

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

NOTE 12 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

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

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

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, no allocation of covered payroll was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the District's surcharge obligation was $34,658.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was $34,658 for fiscal year 2022, which is reported as an intergovernmental payable.

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

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

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

Net OPEB Liability

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.05337520%	0.05604749%	
Prior Measurement Date	0.04625210%	0.05549909%	
Change in Proportionate Share	-0.00712310%	-0.00054840%	
Proportionate Share of the Net OPEB Liability/Asset	$1,010,169	($1,181,715)	($171,546)
OPEB Expense	$15,684	($74,873)	($59,189)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$10,767	$42,078	$52,845
Changes of Assumptions	158,472	75,483	233,955
Changes in Proportion and Differences between District Contributions and Proportionate Share of Contributions	270,033	29,920	299,953
District Contributions Subsequent to the Measurement Date	34,658	0	34,658
Total Deferred Outflows of Resources	$473,930	$147,481	$621,411
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$503,108	$216,512	$719,620
Net Difference between Projected and Actual Investment	21,947	327,552	349,499
Changes of Assumptions	138,335	714,977	853,312
Changes in Proportion and Differences between Districts Contributions and Proportionate Share of Contributions	115,304	1,057	116,361
Total Deferred Inflows of Resources	$778,694	$1,260,098	$2,038,792

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

$34,658 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	($18,333)	($296,121)	($314,454)
2024	(109,483)	(314,689)	(424,172)
2025	(104,335)	(309,620)	(413,955)
2026	(83,813)	(136,948)	(220,761)
2027	(26,477)	(46,525)	(73,002)
Thereafter	3,019	1,286	4,305
	($339,422)	($1,102,617)	($1,442,039)

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.

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

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

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

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

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

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

NOTE 12 - 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, 2020 five-year experience study, are summarized as follows:

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

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

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27 percent) and higher (3.27 percent) than the current discount rate (2.27 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
District's Proportionate Share of the Net OPEB Liability	$1,251,722	$1,010,169	$817,200

	1% Decrease (6.00% decreasing to 3.75%)	Trend Rate (7.00% decreasing to 4.75%)	1% increase (8.00% decreasing to 5.75%)
District's Proportionate Share of the Net OPEB Liability	$777,748	$1,010,169	$1,320,613

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

Actuarial Assumptions - STRS

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

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

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

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

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

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

STRS' investment consultant develops an estimate range for the investment return assumptio7n based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2020, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan assets of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
District's Proportionate Share of the Net OPEB Asset	($997,185)	($1,181,715)	($1,335,863)

	1% Decrease	Current Discount Rate	1% Increase
District's Proportionate Share of the Net OPEB Asset	($1,329,617)	($1,181,715)	($998,822)

NOTE 12 - DEFINED BENEFIT OPEB PLANS – (Continued)

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

NOTE 13 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-half days per month. Sick leave may be accumulated without limitation for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 55 days for classified employees and 57 days for certified employees.

Insurance Benefits

The District provides life insurance and accidental death and dismemberment insurance to most employees through U.S. Life Insurance.

Special Termination Benefit

The Board of Education approved a Special Termination Benefit program. All individuals with 30 years of STRS Ohio retirement credit are eligible for a one-time $15,000 severance bonus. For the bonus to be collected, an individual's retirement must be completed no later than August 1 following the school year in which the individual first becomes eligible to retire. The individual must submit a written notification to the Superintendent by March 1 in order to receive the incentive.

Deferred Compensation

The District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

NOTE 14- LONG-TERM OBLIGATIONS

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

	Issue Date	Interest Rate	Principal Outstanding at July 1, 2021	Additions	Deductions	Principal Outstanding at June 30, 2022	Amount Due In One Year
Governmental Activities:							
Energy Conservation Bonds	2013	2.63%	$125,770	$0	$62,000	$63,770	$63,770
Total General Obligation Bonds			125,770	0	62,000	63,770	63,770
Net Pension Liability:							
STRS		N/A	13,428,805	0	6,262,629	7,166,176	0
SERS		N/A	3,095,735	0	1,185,247	1,910,488	0
Total Net Pension Liability			16,524,540	0	7,447,876	9,076,664	0
Net OPEB Liability:							
SERS		N/A	1,005,210	4,959	0	1,010,169	0
Total Net Pension Liability			1,005,210	4,959	0	1,010,169	0
Financed Purchases		7.5-10%	3,027,508	0	200,469	2,827,039	207,671
Compensated Absences		N/A	800,521	352,052	262,850	889,723	87,897
Total Governmental Activities Long-Term Obligations			$21,483,549	$357,011	$7,973,195	$13,867,365	$359,338

2013 Energy Conservation Bonds - In 2013, the District issued $588,770 in energy conservation bonds at an interest rate of 2.63%.The bonds are to be used for energy conservation measures including installations, modifications or remodeling to reduce energy consumption in buildings owned by the District. The bonds were issued for a ten year period with final maturity occurring during fiscal year 2023. The bonds will be retired from the General Fund.

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

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that un-voted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The District's voted legal debt margin was $6,933,277 with an unvoted debt margin of $78,434 at June 30, 2022.

NOTE 14 - LONG-TERM OBLIGATIONS - (Continued)

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

Fiscal Year Ending June 30	Energy Conservation Bonds	
	Principal	Interest
2023	$63,770	$1,677
Total	$63,770	$1,677

NOTE 15- FINANCED PURCHASES

During fiscal year 2020, the District entered into a finance purchase agreement in the amount of $163,202 for 10 Digital Copiers. These copiers will be used throughout the District. The finance purchase will be paid in 60 monthly payments, concluding on November 15, 2024, with an interest rate of 7%.

During fiscal year 2020, the District entered into a finance purchase agreement in the amount of $3,060,000 for an energy project. The energy project includes upgrades to the lighting and HVAC systems throughout the District. The finance purchase will be paid in 15 annual payments, concluding on December 1, 2034, with an interest rate of 2.98%.

Capital assets acquired by finance purchase were initially capitalized in the Statement of Net Position for governmental activities in the amount of $3,377,209 which is equal to the present value of the minimum finance purchase payments at the time of acquisition. A corresponding liability was recorded on the Statement of Net Position for governmental activities. Principal payments in fiscal year 2021 totaled $193,415 and were paid from the General Fund.

NOTE 15- FINANCED PURCHASES - (Continued)

The capital assets acquired through finance purchase agreements as of June 30, 2022, are as follows:

	Asset Value	Accumulated Depreciation	Net Book Value
Capital Assets:			
Energy Systems Equipment	$3,060,000	$714,000	$2,346,000
10 Digital Copiers	163,202	114,241	48,961

The following is a schedule of the future long-term finance purchase payments:

	Energy Systems		Copiers	
Fiscal Year Ending June 30,	Principal	Interest	Principal	Interest
2023	$ 175,000	$ 78,597	$ 32,671	$ 6,108
2024	180,000	73,308	35,034	3,746
2025	185,000	67,870	34,334	1,213
2026	190,000	62,282	0	0
2027	195,000	56,545	0	0
2028-2032	1,075,000	190,199	0	0
2033-2037	725,000	32,854	0	0
Total Future Minimum Lease Payments	$2,725,000	$561,655	$102,039	$11,067

NOTE 16- INTERFUND ACTIVITY

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

	Interfund Receivable	Interfund Payable
General	$2,242,801	$0
ESSER	0	2,229,414
Nonmajor Special Revenue Funds:		
Title I	0	13,387
Total Non-Major Funds	0	13,387
Total	$2,242,801	$2,242,801

NOTE 16- INTERFUND ACTIVITY - (Continued)

All balances are scheduled to be collected in the subsequent year. All balances resulted from the time between the dates that (1) interfund goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The balance of $2,242,801 due to the General Fund from the funds listed is a result of negative cash balances.

	Transfer In	Transfer Out
General	$0	$385,591
Special Revenue Funds:		
Athletics	35,591	0
Capital Projects:		
Permanent Improvements	350,000	0
Total	$385,591	$385,591

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them, to the fund that statute or budget requires to expend them, and (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The total of $385,591 is the result of transfers from the General Fund to the Athletics Fund and Permanent Improvement Fund for use in subsidizing the athletic programs and facility maintenance and improvements.

NOTE 17– FUND BALANCES

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

	General	ESSER	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Prepaids	$6,925	$0	$0	$6,925
Inventory	3,255	0	11,713	14,968
Unclaimed Monies	3,226	0	0	3,226
Total Nonspendable	13,406	0	11,713	25,119
Restricted:				
Special Revenues:				
Food Service	0	0	199,338	199,338
Facilities Maintenance	0	0		0
Student Activities	0	0	39,382	39,382
Athletics	0	0	69,171	69,171
Local Grants	0	0	13,534	13,534
State Grants	0	0	5,134	5,134
Debt Service	0	0	7,193	7,193
Capital Projects	0	0	327,931	327,931
Total Restricted	0	0	661,683	661,683

(Continued)

NOTE 17– FUND BALANCES - (Continued)

	General	ESSER	Nonmajor Governmental Funds	Total Governmental Funds
Assigned:				
Encumbrances:				
Instruction	117,262	0	0	117,262
Support Services	373,052	0	0	373,052
Extracurricular Activities	9,001	0	0	9,001
Capital Outlay	62,416	0	0	62,416
Public School Support	33,845	0	0	33,845
Sick Leave Support	239,489	0	0	239,489
Total Assigned	835,065	0	0	835,065
Unassigned	12,897,561	(2,363,495)	(87,697)	10,446,369
Total Fund Balance	$13,746,032	($2,363,495)	$585,699	$11,968,236

NOTE 18 - STATUTORY SET-ASIDES

The District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in the future years.

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

	Capital Improvements
Set Aside Balance June 30, 2021	$0
Current Year Set Aside Requirement	199,915
Qualifying Disbursements	(2,394,542)
Total	(2,194,627)
Set Aside Reserved Balance as of June 30, 2022	$0

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

NOTE 19– ENCUMBRANCE COMMITMENTS

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

Major Funds	
General	$562,082
ESSER	3,789
Nonmajor Funds	
Permanent Improvement	280,119
David Meade Massie Grant	43
Student Activities	3,870
Athletics	35,311
Title I	7,343
Total Nonmajor Funds	326,686
Total Encumbrances	$892,557

NOTE 20- JOINTLY GOVERNED ORGANIZATIONS

META Solutions

Meta Solutions is a jointly governed organization as a regional council of governments pursuant to State statutes. Meta Solutions develops, implements, and supports the technology and instructional needs of member districts including financial accounting services, educational management information services, and cooperative purchasing services. META Solutions membership consists of 152 public schools, 11 educational service centers, 15 career technology centers, and more than 200 non-public chartered schools. Non-public charter schools are not members but receive services based on contractual agreements and are not eligible for seats on the board of directors. Each member district pays an annual fee for services provided by META Solutions. META Solutions is governed by an 11-member board of directors made up of Superintendents and School Business Officials selected from the 178 member public school districts. The board of directors controls the budget and finances of META Solutions. The continued existence of META Solutions is not dependent on the District's continued participation and no equity interest exists. Financial statements for META Solutions can be obtained from the META Solutions office, 2100 Citygate Drive, Columbus, Ohio 43219. The District made payments of $51,643 to META Solutions for fiscal year 2022.

NOTE 20- JOINTLY GOVERNED ORGANIZATIONS- (Continued)

Pickaway-Ross County Career and Technology Center

The Pickaway-Ross County Career and Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven representatives from the various City and County Boards within Pickaway and Ross Counties, which possesses its own budgeting and taxing authority. The Career Center provides vocational instruction to students in both Pickaway and Ross Counties. To obtain financial information write to the Pickaway-Ross County Career and Technology Center, Todd Stahr who serves as Treasurer, at 895 Crouse Chapel Road, Chillicothe, Ohio 45601.

Great Seal Education Network of Tomorrow

The Great Seal Education Network of Tomorrow is a regional council of governments (the "Council") consisting of twelve city, local, and joint vocational school districts, two educational service centers and the Ohio University-Chillicothe Campus for the purpose of promoting the use of advanced telecommunications and technology to provide enhanced educational opportunities to the communities of Ross and Pickaway Counties. The Council is operated under the direction of a Board of Directors consisting of one representative (the superintendent or another person appointed by the board of education) of each of the members. The Council possesses its own budgeting and taxing authority. To obtain financial information, write to the Ohio University-Chillicothe Campus, who acts as fiscal agent, at 571 West Fifth Street, Chillicothe, Ohio 45601.

Coalition of Rural and Appalachian Schools

The Coalition of Rural and Appalachian Schools is a jointly governed organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a Board which is composed of fourteen members. The Board members are composed of one superintendent from each county elected by the school districts within that county. The Council provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent upon the continued participation of the District and the District does not maintain an equity interest in or a financial responsibility for the Council. The District made payments of $0 to the Coalition for services in fiscal year 2022.

Pilasco-Ross Special Education Regional Resource Center

The Pilasco-Ross Special Education Regional Resource Center (SERRC) is a special education service center which represents Lawrence, Pike, Ross and Scioto Counties. The SERRC selects its own governing board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

The SERRC is governed by a Board composed of superintendents of participating schools, parents of children with disabilities, representatives of county boards of MR/DD, Joint Vocational Schools, Pickaway-Ross County Career and Technology Center, Shawnee State University, and Ross-Pike, Lawrence and South Central Ohio Educational Service Centers, whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. The fiscal agent for the SERRC is Dawson-Bryant Local School District. Financial information can be obtained by contacting Donald Washburn, Director of Pilasco-Ross, at the South Central Ohio Educational Service Center, 411 Court Street, Portsmouth, Ohio 45662.

NOTE 21- INSURANCE PURCHASING AND CLAIMS SERVICING POOLS

SchoolComp Worker's Compensation Group Rating Plan

The District participates in a workers' compensation program jointly sponsored by the Ohio Association of School Business Officials (OASBO) and the Ohio School Board Association (OSBA), known as SchoolComp. CompManagement, Inc. (CMI) is the program's third party administrator. SchoolComp serves to group its members' risks for the purpose of obtaining a favorable experience rating to determine its premium liability to the Ohio Bureau of Workers' Compensation (OBWC) and the Ohio Workers' Compensation Fund. This may be accomplished through participation in a group rating program or through group retrospective rating. The District has chosen to participate in the group rating program for 2021. Participation in SchoolComp is restricted to members who meet enrollment criteria and are jointly in good standing with OASBO and OSBA. OASBO and OSBA are certified sponsors recognized by OBWC.

Ohio School Plan

Risk Pool Membership

The District belongs to the Ohio School Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 400 Ohio schools ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator's legal liability, automobile and violence coverage's, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's specific deductible.

The Plan issues its own policies and reinsures the Plan with reinsurance carriers. Only if the Plan's paid liability loss ratio exceeds 65% and is less than 80% does the Plan contribute to paid claims. (See the Plan's audited financial statements on the website for more details.) The individual members are responsible for their self-retention (deductible) amounts, which vary from member to member.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2021 and 2020 (the most recent information available):

	2021	2020
Assets	$16,691,066	$13,471,241
Liabilities	(7,777,013)	(4,909,663)
Members Equity	8,914,053	8,561,578

You can read the complete audited financial statements for the Ohio School Plan at the Plan's website, www.ohioschoolplan.org.

NOTE 21- INSURANCE PURCHASING AND CLAIMS SERVICING POOLS - (Continued)

Ohio School Benefits Cooperative

The District participates in the Ohio School Benefits Cooperative, a claims servicing and group purchasing pool comprised of thirty-four members. The Ohio School Benefits Cooperative (OSBC) is created and organized pursuant to and as authorized by Section 9.833 of the Ohio Revised Code. OSBC is governed by a nine member Board of Directors, all of whom must be school district and/or educational service center administrator. The Muskingum Valley Educational Service Center serves as the fiscal agent for OSBC. OSBC is an unincorporated, non-profit association of its members which was created for the purpose of enabling members of the Plan to maximize benefits and/or reduce costs if medical, prescription drug, vision, dental, life and/or other group insurance coverage for their employees, and the eligible dependents and designated beneficiaries of such employees.

Participants pay a $500 membership fee to OSBC. OSBC offers two options to participants. Participants may enroll in the joint insurance purchasing program for medical, prescription drug, vision, dental, and/or life insurance. A second option is available for self-insured participants that provides for the purchase of stop loss insurance coverage through OSBC's third party administrator. Medical Mutual/Antares is the Administrator of the OSBC. During fiscal year 2022, the District elected to participate in the joint insurance purchasing program for medical, prescription drug, dental and vision coverage.

Accordingly, the Ohio School Benefits Cooperative is not part of the District and its operations are not included as part of the reporting entity. To obtain financial information, write to the Muskingum Valley Educational Service Center, Christine Wagner, who serves as Treasurer, at 205 North 7th Street, Zanesville, Ohio 43701.

NOTE 22 - CONTINGENCIES

A. Grants

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

B. Litigation

The District is involved in no pending litigation that would have a material effect on the financial condition of the District.

NOTE 23 – COVID-19

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

HUNTINGTON LOCAL SCHOOL DISTRICT

Schedule of the District's Proportionate Share of Net Pension Liability
Last Nine Measurement Periods (1)

	2021	2020	2019	2018
School Employees Retirement System of Ohio				
District's Proportion of the Net Pension Liability	0.0517788%	0.0468043%	0.0502108%	0.0447208%
District's Proportionate Share of the Net Pension Liability	$1,910,488	$3,095,735	$3,004,200	$2,561,243
District's Covered Payroll	$1,938,171	$1,903,714	$1,898,400	$1,843,886
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	98.57%	162.62%	158.25%	138.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%
State Teachers Retirement System of Ohio				
District's Proportion of the Net Pension Liability	0.05604749%	0.05549909%	0.05640819%	0.05591158%
District's Proportionate Share of the Net Pension Liability	$7,166,176	$13,428,805	$12,474,332	$12,293,701
District's Covered Payroll	$6,771,943	$6,845,279	$6,818,221	$6,389,943
District's Proportionate Share of the Net Pension Liability as a Percentage of it's Covered Payroll	105.82%	196.18%	182.96%	192.39%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.48%	77.40%	77.31%

(1) Information prior to 2013 is not available.

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

See accompanying notes to the required supplementary information.

2017	2016	2015	2014	2013
0.0470363%	0.0514699%	0.0534460%	0.0476270%	0.0476270%
$2,810,315	$3,767,122	$2,872,712	$2,410,375	$2,832,225
$1,801,543	$1,904,400	$1,904,036	$1,710,101	$1,686,908
155.99%	197.81%	150.87%	140.95%	167.89%
69.50%	62.98%	69.16%	71.70%	65.52%
0.05440926%	0.05376910%	0.05394574%	0.05450682%	0.054506821%
$12,925,036	$17,998,139	$14,909,025	$13,257,945	$15,792,777
$5,849,371	$5,780,057	$5,913,614	$5,827,331	$6,511,508
220.96%	311.38%	252.11%	227.51%	242.54%
75.30%	66.80%	72.10%	74.70%	69.30%

HUNTINGTON LOCAL SCHOOL DISTRICT

Schedule of the District's Proportionate Share of Net OPEB Liability/Asset
Last Six Measurement Periods (1)

	2021	2020	2019	2018
School Employees Retirement System of Ohio				
District's Proportion of the Net OPEB Liability	0.05337520%	0.04625210%	0.05106690%	0.04541490%
District's Proportionate Share of the Net OPEB Liability	$1,010,169	$1,005,210	$1,284,225	$1,259,932
District's Covered-Employee Payroll	$1,938,171	$1,903,714	$1,898,400	$1,843,886
District's Proportionate Share of the Net OPEB Liability as a Percentage of it's Covered-Employee Payroll	52.12%	52.80%	67.65%	68.33%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%	13.57%
State Teachers Retirement System of Ohio				
District's Proportion of the Net OPEB Liability	0.05604749%	0.05549909%	0.05640819%	0.05591158%
District's Proportionate Share of the Net OPEB Asset	$1,181,715	$975,395	$934,255	$898,442
District's Proportionate Share of the Net OPEB Liability	$0	$0	$0	$0
District's Covered-Employee Payroll	$6,771,943	$6,845,279	$6,818,221	$6,389,943
District's Proportionate Share of the Net OPEB Liability as a Percentage of it's Covered-Employee Payroll	(17.45%)	(14.25%)	(13.70%)	(14.06%)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	182.13%	174.74%	176.00%

(1) Information prior to 2016 is not available.

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

See accompanying notes to the required supplementary information.

2017	2016
0.04761270%	0.04761270%
$1,277,800	$1,357,138
$1,801,543	$1,904,400
70.93%	71.26%
12.46%	11.49%
0.05440926%	0.05440926%
$0	$0
$2,122,849	$2,909,821
$5,849,371	$5,780,057
36.29%	50.34%
47.10%	37.30%

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

	2022	2021	2020	2019
Pension				
Contractually Required Contributions	$276,768	$271,344	$266,520	$256,284
Contributions in Relation to the Contractually Required Contributions	(276,768)	(271,344)	(266,520)	(256,284)
Contribution Deficiency (Excess)	$0	$0	$0	$0
District Covered-Employee Payroll	$1,976,914	$1,938,171	$1,903,714	$1,898,400
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.50%
OPEB				
Contractually Required Contributions (1)	$0	$0	$0	$9,492
Contributions in Relation to the Contractually Required Contributions	0	0	0	(9,492)
Contribution Deficiency (Excess)	$0	$0	$0	$0
District Covered-Employee Payroll	$1,976,914	$1,938,171	$1,903,714	$1,898,400
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.50%

(1) Excludes surcharge amount

See accompanying notes to the required supplementary information.

2018	2017	2016	2015	2014	2013
$248,925	$252,216	$266,616	$250,952	$237,020	$233,468
(248,925)	(252,216)	(266,616)	(250,952)	(237,020)	(233,468)
$0	$0	$0	$0	$0	$0
$1,843,886	$1,801,543	$1,904,400	$1,904,036	$1,710,101	$1,686,908
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%
$9,219	$0	$0	$15,613	$2,394	$2,699
(9,219)	0	0	(15,613)	(2,394)	(2,699)
$0	$0	$0	$0	$0	$0
$1,843,886	$1,801,543	$1,904,400	$1,904,036	$1,710,101	$1,686,908
0.50%	0.00%	0.00%	0.82%	0.14%	0.16%

HUNTINGTON LOCAL SCHOOL DISTRICT

Schedule of the District's Contributions

State Teachers Retirement System of Ohio

Last Ten Fiscal Years

	2022	2021	2020	2019
Pension				
Contractually Required Contributions	$1,051,394	$948,072	$958,339	$954,551
Contributions in Relation to the Contractually Required Contributions	(1,051,394)	(948,072)	(958,339)	(954,551)
Contribution Deficiency (Excess)	$0	$0	$0	$0
District Covered-Employee Payroll	$7,509,957	$6,771,943	$6,845,279	$6,818,221
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%
OPEB				
Contractually Required Contributions	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contributions	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
District Covered-Employee Payroll	$7,509,957	$6,771,943	$6,845,279	$6,818,221
Contributions as a Percentage of Covered-Employee Payroll	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information.

2018	2017	2016	2015	2014	2013
$894,592	$818,912	$809,208	$827,906	$757,553	$846,496
(894,592)	(818,912)	(809,208)	(827,906)	(757,553)	(846,496)
$0	$0	$0	$0	$0	$0
$6,389,943	$5,849,371	$5,780,057	$5,913,614	$5,827,331	$6,511,508
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%
$0	$0	$0	$0	$58,273	$65,115
0	0	0	0	(58,273)	(65,115)
$0	$0	$0	$0	$0	$0
$6,389,943	$5,849,371	$5,780,057	$5,913,614	$5,827,331	$6,511,508
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

NOTE 1 – SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO

Pension

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

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

2019: The following were the most significant changes in benefit terms:
- Under Senate Bill 8, the Board enacted a three-year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

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

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

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

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

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

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

- Assumed rate of inflation was reduced from 3.00% to 2.4%
- Payroll Growth Assumption was reduced from 3.5% to 3.25%
- Mortality among active members was updated to the following:

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

- PUB 2010 General Employee Amount Weighted Below Medium Healthy Retiree Mortality Table with fully generational projection and a five year age set-forward for both males and females. The above rates represent the base rates used.

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

Other Postemployment Benefits

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

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

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

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:
- Discount rate used to measure the total OPEB liability at June 30, 2017 was 3.63 percent.
- Discount rate used to measure total OPEB liability prior to June 30, 2017 was 2.98 percent.

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

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

- Assumed rate of inflation was reduced from 3.00% to 2.4%
- Payroll Growth Assumption was reduced from 3.5% to 3.25%

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

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

NOTE 2 - STATE TEACHERS RETIREMENT SYSTEM OF OHIO

Pension

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

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

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

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

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

Other Postemployment Benefits

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

2018: The following were the most significant changes in benefit terms:
- The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1% to 1.9% per year of service.
- Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries

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

- All remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- Subsequent to the current measurement date, the date for discontinuing remaining Medicare Part B premium reimbursements is extended to January 2020.

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

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

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

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

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

2018: The following were the most significant changes of assumptions that affected total pension liability since the prior measurement date:
- Discount rate was increased from 3.26% to 4.13%
- Long term expected rate of return was reduced from 7.75% to 7.45%.
- Valuation year per capita health care costs were updated, and the salary scale was modified.
- The percentage of future retirees electing each option was updated
- The percentage of future disabled retirees and terminated vested participants electing health coverage were decreased.
- The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

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

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

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

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

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

HUNTINGTON LOCAL SCHOOL DISTRICT
ROSS COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal AL Number**	**Pass Through Entity Identifying Number**	**Provided Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Donation)	10.555	N/A	$ -	$ 14,990
Cash Assistance:				
School Breakfast Program	10.553	3L70	-	187,158
National School Lunch Program	10.555	3L60	-	384,620
Covid-19 National School Lunch Program	10.555	3L60	-	76,085
Total Child Nutrition Cluster			-	662,853
State Pandemic Electronic Benefits Transfer (P-EBT) Administrative Costs Grant	10.649	3HF0	-	3,063
Total U.S. Department of Agriculture				**665,916**
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education				
Coronavirus Relief Fund:				
COVID-19 Broadband Ohio Connectivity-2021	21.019	5CV1	-	977
Total U.S. Department of Treasury			**-**	**977**
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education				
Title I Grants to Local Educational Agencies	84.010	3M00	-	530,016
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027	3M20	-	249,220
Special Education Preschool Grants	84.173A	3C50	-	4,917
Special Education Cluster (IDEA) Total				254,137
Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief Fund	84.425D	3HS0		1,188,152
Elementary and Secondary School Emergency Relief Fund	84.425U	3HS0	-	489,840
Total Education Stabilization Fund				1,677,992
Supporting Effective Instruction State Grants	84.367	3Y60	-	51,210
Rural and Low-Income School Program	84.358B	3Y80	-	24,170
Total U.S. Department of Education			**-**	**2,537,525**
Total Expenditures of Federal Awards			**$ -**	**$ 3,204,418**

The accompanying notes are an integral part of this schedule.

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

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

Huntington Local School District
Ross County
188 Huntsman Road
Chillicothe, Ohio 45601

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Huntington Local School District, Ross County, (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 29, 2022, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

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

Purpose of This Report

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

BHM CPA Group

BHM CPA Group Inc.
Piketon, Ohio
December 29, 2022

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

Huntington Local School District
Ross County
188 Huntsman Road
Chillicothe, Ohio 45601

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

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Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

BHM CPA Group

BHM CPA Group, Inc.
Piketon Ohio
December 29, 2022

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2CFR § 200.515(a)?	No
(d)(1)(vii)	Major Programs (list):	Education Stabilization Fund AL #84.425D, 84.425U
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > $750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS AND QUESTIONED COSTS

None

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OHIO AUDITOR OF STATE
KEITH FABER

HUNTINGTON LOCAL SCHOOL DISTRICT

ROSS 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 2/9/2023

88 East Broad Street, Columbus, Ohio 43215
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