FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

OHIO AUDITOR OF STATE
KEITH FABER

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY
JUNE 30, 2021

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FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY
JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Fremont City School District
Sandusky County
500 West State Street, Suite A
Fremont, Ohio 43420-2580

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 3 to the financial statements, during 2021, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

As discussed in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

August 5, 2022

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

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- In total, net position of governmental activities decreased $228,558 or 0.67% from 2020's restated net position.
- Capital assets increased $40,277,695 during fiscal year 2021.
- During the fiscal year, outstanding debt decreased from $71,416,503 to $70,160,000

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the General fund, Bond Retirement fund and Classroom Facilities fund are the most significant funds, and the only governmental funds reported as major funds.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The statement of net position and the statement of activities answer this question. These statements include *all non-fiduciary assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the basic financial statements.

Proprietary Funds

The District maintains a proprietary fund. The Internal Service fund is an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's uses its Internal Service fund to account for its healthcare costs. Because this service predominately benefits governmental functions, they have been included within governmental activities in the government-wide statements.

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.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset.

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for 2021 and 2020. Certain amounts for 2020 have been restated as described in Note 3.

	Net Position - Governmental Activities	
	2021	2020 (Restated)
Assets		
Current and other assets	$ 60,529,002	$ 102,634,368
Net OPEB asset	3,020,824	2,939,296
Capital assets, net	125,424,595	85,146,900
Total assets	188,974,421	190,720,564
Deferred outflows of resources		
Deferred charges on refunding	852,021	958,208
Pension & OPEB	10,649,373	11,098,888
Total deferred outflows	11,501,394	12,057,096
Liabilities		
Current liabilities	9,786,737	9,858,924
Long-term liabilities:		
Due within one year	1,600,777	1,802,757
Due in more than one year:		
Net pension liability	52,298,201	49,477,244
Net OPEB liability	3,536,236	4,401,657
Other amounts	78,766,186	79,983,055
Total liabilities	145,988,137	145,523,637
Deferred inflows of resources		
Property taxes	12,508,475	14,719,769
Pensions	2,176,463	3,368,852
OPEB	6,036,899	5,171,003
Total deferred inflows	20,721,837	23,259,624
Net Position		
Net investment in capital assets	62,072,710	42,112,041
Restricted	17,711,171	37,892,019
Unrestricted (deficit)	(46,018,040)	(46,009,661)
Total net position	$ 33,765,841	$ 33,994,399

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the 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 and the net OPEB asset.

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the 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/asset, respectively, not accounted for as deferred inflows/outflows.

Analysis of Net Position

Over time, net position can serve as a useful indicator of a District's financial position. At June 30, 2021, the District's assets and deferred outflows exceeded liabilities plus deferred inflows of resources by $33,765,841.

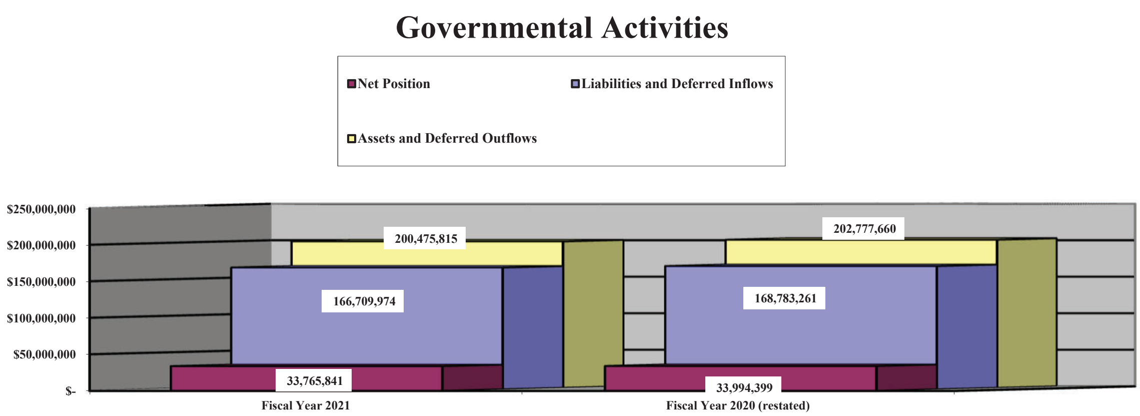
Current and other assets decreased approximately 41.02% primarily due to a decrease in cash as the District expensed monies on various construction projects.

At year-end, capital assets represented 66.37% of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture and equipment and vehicles. Investment in capital assets at June 30, 2021, was $62,072,710. These capital assets are used to provide services to the students and are not available for future spending.

Long-term liabilities increased primarily due to an increase in the net pension liability. This liability is outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it's the pension systems that collect, hold and distribute pensions and OPEB to District employees, not the District. The increase in long-term liabilities was partially offset as the District paid down its debt obligations.

A portion of the District's net position, $17,711,171, represents resources that are subject to external restriction on how they may be used. The District's unrestricted net position is a deficit of $46,018,040.

The table below provides a summary of the District's assets and deferred outflows, liabilities and deferred inflows and net position for fiscal years 2021 and 2020. Amounts for 2020 have been restated as described in Note 3.



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

	Change in Net Position - Governmental Activities	
Revenues	2021	2020 (Restated)
Program revenues:		
Charges for services and sales	$ 1,094,229	$ 1,271,936
Operating grants and contributions	9,712,087	7,915,993
Capital grants and contributions	104,722	142,771
General revenues:		
Property taxes	18,525,184	20,845,300
Income taxes	9,031,648	8,286,477
Grants and entitlements	18,576,167	17,710,566
Payments in lieu of taxes	-	19,600
Miscellaneous	293,898	1,511,862
Total revenues	57,337,935	57,704,505
Expenses		
Program expenses:		
Instruction:		
Regular	23,761,919	24,400,668
Special	6,693,116	7,587,594
Vocational	83,941	20,639
Student intervention services	-	92,334
Other	13,975	84,405
Support services:		
Pupil	4,428,958	3,779,864
Instructional staff	1,902,890	1,630,438
Board of education	33,920	38,446
Administration	3,968,991	4,216,666
Fiscal	1,147,629	1,083,285
Business	275,860	350,667
Operations and maintenance	5,590,554	6,456,999
Pupil transportation	2,067,556	1,970,326
Central	974,597	1,170,837
Operation of non-instructional services:		
Food service operations	1,879,887	2,105,878
Community services	537,962	536,411
Extracurricular activities	1,123,242	1,253,055
Interest and fiscal charges	3,081,496	3,030,258
Total expenses	57,566,493	59,808,770
Change in net position	(228,558)	(2,104,265)
Net position at beginning of year (restated)	33,994,399	36,098,664
Net position at end of year	$ 33,765,841	$ 33,994,399

Governmental Activities

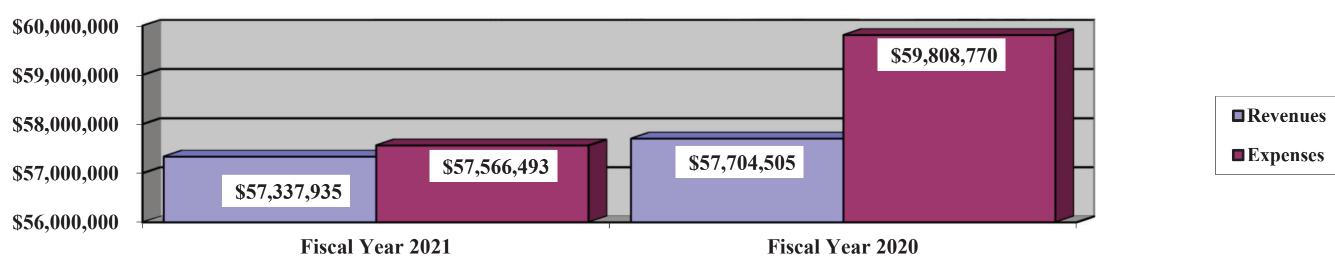
Net position of the District's governmental activities decreased $228,558. Total governmental expenses of $57,566,493 were offset by program revenues of $10,911,038 and general revenues of $46,426,897. Program revenues supported 18.95% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and unrestricted grants and entitlements. These revenue sources represent 80.45% of total governmental revenue. Real estate property is reappraised every six years. Unrestricted grants and entitlements increased due to increased Foundation funding from the State of Ohio. Operating grants and contributions increased due to increased funding from the State of Ohio and the Federal government.

Expenses of the governmental activities decreased $2,242,277 from the prior fiscal year. The decrease is primarily due to a decrease in special instruction related expenses and operations and maintenance expenses.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2021 and 2020:

Governmental Activities - Revenues and Expenses



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The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

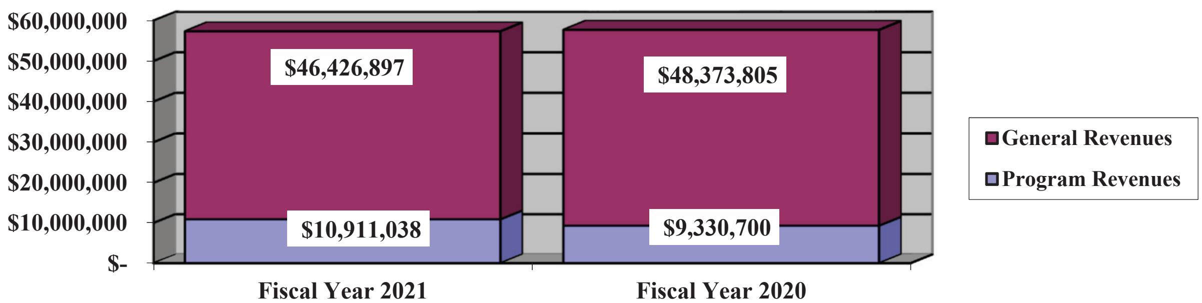
Governmental Activities

	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Program expenses				
Instruction:				
Regular	$ 23,761,919	$ 20,772,576	$ 24,400,668	$ 22,626,651
Special	6,693,116	3,669,673	7,587,594	4,683,209
Vocational	83,941	28,734	20,639	(34,568)
Student intervention services	-	-	92,334	92,334
Other	13,975	2,984	84,405	16,490
Support services:				
Pupil	4,428,958	3,734,304	3,779,864	3,320,276
Instructional staff	1,902,890	1,287,272	1,630,438	1,084,414
Board of education	33,920	33,920	38,446	38,446
Administration	3,968,991	3,735,485	4,216,666	4,050,646
Fiscal	1,147,629	1,147,629	1,083,285	1,076,951
Business	275,860	202,846	350,667	157,008
Operations and maintenance	5,590,554	5,352,524	6,456,999	6,151,004
Pupil transportation	2,067,556	1,908,777	1,970,326	1,841,883
Central	974,597	866,872	1,170,837	1,102,896
Operation of non-instructional:				
Food service operations	1,879,887	(22,151)	2,105,878	170,767
Other non-instructional services	537,962	(79,473)	536,411	(9,808)
Extracurricular activities	1,123,242	931,987	1,253,055	1,079,213
Interest and fiscal charges	3,081,496	3,081,496	3,030,258	3,030,258
Total expenses	$ 57,566,493	$ 46,655,455	$ 59,808,770	$ 50,478,070

The dependence upon tax and other general revenues for governmental activities is apparent, as 80.10% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 81.05%. The District's taxpayers and grants and entitlements received from the State of Ohio that are not restricted in use are by far the primary support for the District's students.

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

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of $27,196,484 which is less than last year's balance of $53,734,585 (as restated – see Note 3). The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2021 and 2020.

	Fund Balance June 30, 2021	Restated Fund Balance June 30, 2020	Change
General	$ 4,003,367	$ 3,816,471	$ 186,896
Bond retirement	5,391,705	5,805,634	(413,929)
Classroom facilities	9,023,745	33,989,489	(24,965,744)
Other Governmental	8,777,667	10,122,991	(1,345,324)
Total	$ 27,196,484	$ 53,734,585	$ (26,538,101)

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General Fund

The District's General fund's fund balance increased by $186,896.

	2021 Amount	2020 Amount	Increase/ (Decrease)	Percentage Change
Revenues				
Taxes	$ 21,130,736	$ 23,063,109	$ (1,932,373)	(8.38) %
Tuition and fees	746,804	693,410	53,394	7.70 %
Earnings on investments	56,771	497,285	(440,514)	(88.58) %
Intergovernmental	20,726,726	19,313,160	1,413,566	7.32 %
Other revenues	327,519	181,763	145,756	80.19 %
Total	$ 42,988,556	$ 43,748,727	$ (760,171)	(1.74) %
Expenditures				
Instruction	$ 26,019,010	$ 28,208,942	$ (2,189,932)	(7.76) %
Support services	15,901,867	15,391,665	510,202	3.31 %
Operation of non-instructional services	22,092	852	21,240	2,492.96 %
Extracurricular activities	858,691	884,963	(26,272)	(2.97) %
Total	$ 42,801,660	$ 44,486,422	$ (1,684,762)	(3.79) %

Revenues of the General fund decreased $760,171 or 1.74%. Tuition and fees increased due to increased special education revenues. Earnings on investment decreased due to lower interest rates on investments. Tax revenues decreased primarily due to a decrease in property taxes. All other revenues remained comparable to the prior fiscal year.

Expenditures of the General fund decreased $1,684,762 or 3.79%. Instruction expenditures are the largest District expenditures and decreased primarily in the area of special instruction due to the decreased costs of educating students with special needs. Support services increased mainly due to increases in operations and maintenance as a result of increased maintenance upkeep costs and repairs. Extracurricular expense decreased due to the COVID-19 pandemic cancelling events. All other expenditures remained comparable to the prior fiscal year or decreased an insignificant amount.

General Fund Budgeting Highlights

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

For the General fund, final budgeted revenues and other financing sources were $40,494,681, which was an 805,808 increase in the final budgeted revenues in total. The District made line item changes to the budgeted revenues and other financing sources. Actual revenues and other financing sources for fiscal year 2021 were $42,000,420, which is $1,505,739 more than final budgeted revenues and other financing sources.

General fund original appropriations (appropriated expenditures plus other financing uses) of $44,490,985 were less than the final appropriations of $45,241,747. The actual budget basis expenditures and other financing uses for fiscal year 2021 totaled $43,146,216, which were $2,095,531 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the District had $125,424,595 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2021 balances compared to June 30, 2020:

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2021	2020
Land	$ 673,343	$ 673,343
Construction in progress	97,412,934	56,140,565
Land improvements	299,450	337,740
Buildings	26,452,523	26,908,384
Equipment	377,326	753,695
Vehicles	209,019	333,173
Total	$ 125,424,595	$ 85,146,900

The overall increase in capital assets of $40,277,695 is primarily due construction in progress additions of $41,272,369 exceeding disposals of $60,716 and depreciation expense of $933,958. See Note 10 -1to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2021, the District had $70,160,000 in general obligation bonds. Of this total, $1,355,000 is due within one year and $68,805,000 is due in greater than one year. The following table summarizes the debt outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2021	Governmental Activities 2020
General obligation bonds:		
Various serial/term bonds	$ 70,160,000	$ 71,145,000
Various capital appreciation bonds	-	107,409
Accretion on capital appreciation bonds	-	164,094
Total	$ 70,160,000	$ 71,416,503

At June 30, 2021, the District's overall legal debt margin was $1,575,203 and the unvoted debt margin was $737,150. See Note 16 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The Board of Education and administration closely monitor revenues and expenditures so as to remain financially sound. The District faces financial challenges from both local and State issues. The State currently provides approximately 51% of the District's operating revenue, while local taxpayers provide the remaining 49%. The District is on the guarantee with regard to State funding. Although the District relies heavily on its property taxpayers to support its operations, the community support for the District is quite strong.

The District's management will continue to carefully and prudently plan to provide effective and efficient programs and services to meet the needs of our students with all available resources.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Megan Parkhurst, Treasurer, at Fremont City District, 500 West State Street, Suite A, Fremont, Ohio 43420-2580.

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	$ 31,063,095
Receivables:	
Property taxes	16,659,197
Income taxes	4,018,650
Intergovernmental	8,699,187
Accounts	11,530
Accrued interest	10,489
Notes	9,513
Prepayments	57,341
Net OPEB asset	3,020,824
Capital assets:	
Nondepreciable capital assets	98,086,277
Depreciable capital assets, net	27,338,318
Capital assets, net	125,424,595
Total assets	188,974,421
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	852,021
Pension	9,306,732
OPEB	1,342,641
Total deferred outflows of resources	11,501,394
Liabilities:	
Accounts payable	64,215
Accrued wages and benefits payable	3,340,774
Contracts payable	3,280,364
Retainage payable	384,679
Intergovernmental payable	935,128
Accrued interest payable	1,526,496
Claims payable	255,081
Long-term liabilities:	
Due within one year	1,600,777
Due in more than one year:	
Net pension liability	52,298,201
Net OPEB liability	3,536,236
Other amounts due in more than one year	78,766,186
Total liabilities	145,988,137
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	12,508,475
Pension	2,176,463
OPEB	6,036,899
Total deferred inflows of resources	20,721,837
Net position:	
Net investment in capital assets	62,072,710
Restricted for:	
Capital projects	12,708,200
Classroom facilities maintenance	3,088,961
Debt service	42,917
State funded programs	76,014
Federally funded programs	477,374
Food service operations	206,304
Student activities	410,178
Other purposes	701,223
Unrestricted (deficit)	(46,018,040)
Total net position	$ 33,765,841

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction:					
Regular	$ 23,761,919	$ 699,407	$ 2,283,039	$ 6,897	$ (20,772,576)
Special	6,693,116	44,858	2,978,585	-	(3,669,673)
Vocational	83,941	-	55,207	-	(28,734)
Other	13,975	-	10,991	-	(2,984)
Support services:					
Pupil	4,428,958	-	694,654	-	(3,734,304)
Instructional staff	1,902,890	1,173	614,445	-	(1,287,272)
Board of education	33,920	-	-	-	(33,920)
Administration	3,968,991	29,894	203,612	-	(3,735,485)
Fiscal	1,147,629	-	-	-	(1,147,629)
Business	275,860	-	73,014	-	(202,846)
Operations and maintenance	5,590,554	1,717	181,065	55,248	(5,352,524)
Pupil transportation	2,067,556	-	116,202	42,577	(1,908,777)
Central	974,597	4,029	103,696	-	(866,872)
Operation of non-instructional services					
Food service operations	1,879,887	130,975	1,771,063	-	22,151
Community services	537,962	14,542	602,893	-	79,473
Extracurricular activities	1,123,242	167,634	23,621	-	(931,987)
Debt service:					
Interest and fiscal charges	3,081,496	-	-	-	(3,081,496)
Total governmental activities	$ 57,566,493	$ 1,094,229	$ 9,712,087	$ 104,722	(46,655,455)

General revenues:	
Property taxes levied for:	
General purposes	13,546,105
Debt service	4,215,737
Capital outlay	454,003
Classroom facilities maintenance	309,339
Income taxes levied for:	
General purposes	9,031,648
Grants and entitlements not restricted to specific programs	18,576,167
Investment earnings	59,672
Miscellaneous	234,226
Total general revenues	46,426,897
Change in net position	(228,558)
Net position at beginning of year (restated)	33,994,399
Net position at end of year	$ 33,765,841

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	$ 3,203,722	$ 4,797,731	$ 12,281,681	$ 8,637,675	$ 28,920,809
Receivables:					
Property taxes	12,192,167	3,744,368	-	722,662	16,659,197
Income taxes	4,018,650	-	-	-	4,018,650
Accounts	11,530	-	-	-	11,530
Accrued interest	10,489	-	-	-	10,489
Interfund loans	960,210	-	-	-	960,210
Intergovernmental	78,146	-	6,655,116	1,965,925	8,699,187
Notes	-	-	-	9,513	9,513
Prepayments	48,860	-	-	8,481	57,341
Total assets	$ 20,523,774	$ 8,542,099	$ 18,936,797	$ 11,344,256	$ 59,346,926
Liabilities:					
Accounts payable	$ 33,945	$ -	$ 12,981	$ 17,289	$ 64,215
Accrued wages and benefits payable	3,177,732	-	-	163,042	3,340,774
Contracts payable	-	-	2,860,276	420,088	3,280,364
Retainage payable	-	-	384,679	-	384,679
Intergovernmental payable	900,708	-	-	34,420	935,128
Interfund loans payable	-	-	-	960,210	960,210
Total liabilities	4,112,385	-	3,257,936	1,595,049	8,965,370
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	9,290,551	2,665,362	-	552,562	12,508,475
Delinquent property tax revenue not available	2,101,691	485,032	-	97,442	2,684,165
Income tax revenue not available	934,733	-	-	-	934,733
Intergovernmental revenue not available	78,146	-	6,655,116	321,536	7,054,798
Accrued interest not available	2,901	-	-	-	2,901
Total deferred inflows of resources	12,408,022	3,150,394	6,655,116	971,540	23,185,072
Fund balances:					
Nonspendable:					
Prepaids	48,860	-	-	8,481	57,341
Unclaimed monies	1,533	-	-	-	1,533
Scholarship endowments	-	-	-	38,500	38,500
Restricted:					
Debt service	-	5,391,705	-	-	5,391,705
Capital improvements	-	-	9,023,745	3,956,616	12,980,361
Classroom facilities maintenance	-	-	-	3,088,961	3,088,961
Food service operations	-	-	-	295,576	295,576
Non-public schools	-	-	-	37,542	37,542
State funded programs	-	-	-	54,974	54,974
Federally funded programs	-	-	-	266,193	266,193
Extracurricular	-	-	-	410,178	410,178
Other purposes	-	-	-	661,190	661,190
Committed:					
Underground storage tanks	11,000	-	-	-	11,000
Assigned:					
Student instruction	123,123	-	-	-	123,123
Student and staff support	502,908	-	-	-	502,908
Extracurricular activities	36,485	-	-	-	36,485
Subsequent year's appropriations	955,351	-	-	-	955,351
Public school support	398,503	-	-	-	398,503
Unassigned (deficit)	1,925,604	-	-	(40,544)	1,885,060
Total fund balances	4,003,367	5,391,705	9,023,745	8,777,667	27,196,484
Total liabilities, deferred inflows and fund balances	$ 20,523,774	$ 8,542,099	$ 18,936,797	$ 11,344,256	$ 59,346,926

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021

Total governmental fund balances		$ 27,196,484
Amounts reported for governmental activities on 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.		125,424,595
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds		
Property taxes receivable	$ 2,684,165	
Income taxes receivable	934,733	
Accrued interest receivable	2,901	
Intergovernmental receivable	7,054,798	
Total		10,676,597
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		1,887,205
Unamortized premiums on bonds issued are not recognized in the funds.		(5,375,949)
Unamortized amounts on refundings are not recognized in the funds.		852,021
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds		(1,526,496)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds		
Deferred outflows - pension	9,306,732	
Deferred inflows - pension	(2,176,463)	
Net pension liability	(52,298,201)	
Deferred outflows - OPEB	1,342,641	
Deferred inflows - OPEB	(6,036,899)	
Net OPEB asset	3,020,824	
Net OPEB liability	(3,536,236)	
Total		(50,377,602)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(70,160,000)	
Compensated absences	(4,831,014)	
Total		(74,991,014)
Net position of governmental activities		$ 33,765,841

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 11,873,290	$ 3,874,052	$ -	$ 692,311	$ 16,439,653
Income taxes	9,257,446	-	-	-	9,257,446
Intergovernmental	20,726,726	215,889	15,474,589	7,259,244	43,676,448
Investment earnings	56,771	-	55,248	7,665	119,684
Tuition and fees	746,804	-	-	-	746,804
Extracurricular	31,891	-	-	137,256	169,147
Rental income	13,946	-	-	-	13,946
Charges for services	31,588	-	-	132,744	164,332
Contributions and donations	22,110	-	-	1,561	23,671
Miscellaneous	227,984	-	-	24,537	252,521
Total revenues	42,988,556	4,089,941	15,529,837	8,255,318	70,863,652
Expenditures:					
Current:					
Instruction:					
Regular	20,096,200	-	-	2,564,555	22,660,755
Special	5,840,568	-	-	660,224	6,500,792
Vocational	81,022	-	-	-	81,022
Other	1,220	-	-	11,815	13,035
Support services:					
Pupil	3,690,076	-	-	564,592	4,254,668
Instructional staff	1,093,653	-	-	684,511	1,778,164
Board of education	32,889	-	-	-	32,889
Administration	3,651,012	-	-	138,052	3,789,064
Fiscal	1,011,977	101,720	-	19,924	1,133,621
Business	157,739	-	-	81,820	239,559
Operations and maintenance	3,607,064	-	-	491,488	4,098,552
Pupil transportation	1,737,683	-	-	142,577	1,880,260
Central	919,774	-	-	24,870	944,644
Operation of non-instructional services					
Food service operations	-	-	-	1,705,167	1,705,167
Community services	22,092	-	-	588,528	610,620
Extracurricular activities	858,691	-	-	148,049	1,006,740
Facilities acquisition and construction	-	-	37,747,786	4,522,265	42,270,051
Debt service:					
Principal retirement	-	1,092,409	-	-	1,092,409
Interest and fiscal charges	-	3,077,150	-	-	3,077,150
Accretion on capital appreciation bonds	-	232,591	-	-	232,591
Total expenditures	42,801,660	4,503,870	37,747,786	12,348,437	97,401,753
Excess of revenues over (under) expenditures	186,896	(413,929)	(22,217,949)	(4,093,119)	(26,538,101)
Other financing sources (uses):					
Transfers in	-	-	-	2,910,521	2,910,521
Transfers (out)	-	-	(2,747,795)	(162,726)	(2,910,521)
Total other financing sources (uses)	-	-	(2,747,795)	2,747,795	-
Net change in fund balances	186,896	(413,929)	(24,965,744)	(1,345,324)	(26,538,101)
Fund balances at beginning of year (restated)	3,816,471	5,805,634	33,989,489	10,122,991	53,734,585
Fund balances at end of year	$ 4,003,367	$ 5,391,705	$ 9,023,745	$ 8,777,667	$ 27,196,484

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds		$ (26,538,101)
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.		
Capital asset additions	$ 41,272,369	
Current year depreciation	(994,674)	
Total		40,277,695
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	2,085,531	
Income taxes	(225,798)	
Earnings on investments	2,901	
Intergovernmental	(15,388,351)	
Total		(13,525,717)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
General obligation bonds	1,092,409	
Accretion on capital appreciation bonds	232,591	
Total		1,325,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
(Increase) in accrued interest payable	(116,823)	
Accreted interest on capital appreciation bonds	(68,497)	
Amortization of bond premiums	287,161	
Amortization of deferred charges	(106,187)	
Total		(4,346)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	3,681,925	
OPEB	93,438	
Total		3,775,363
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(6,018,319)	
OPEB	245,926	
Total		(5,772,393)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(124,815)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities		358,756
Change in net position of governmental activities		$ (228,558)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues and Other Financing Sources	$ 39,688,873	$ 40,494,681	$ 42,000,420	$ 1,505,739
Expenditures and Other Financing Uses	44,490,985	45,241,747	43,146,216	2,095,531
Net change in fund balance	(4,802,112)	(4,747,066)	(1,145,796)	3,601,270
Fund balance at beginning of year	3,324,455	3,324,455	3,324,455	-
Prior year encumbrances appropriated	778,984	778,984	778,984	-
Fund balance at end of year	$ (698,673)	$ (643,627)	$ 2,957,643	$ 3,601,270

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Governmental Activities - Internal Service Funds
Assets:	
Current assets:	
Equity in pooled cash and investments	$ 2,142,286
Liabilities:	
Current liabilities:	
Claims payable	255,081
Net position:	
Unrestricted	$ 1,887,205

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	$ 5,853,930
Other	254,611
Total operating revenues	6,108,541
Operating expenses:	
Purchased services	1,173,550
Claims	4,576,235
Total operating expenses	5,749,785
Operating income/change in net position	358,756
Net position at beginning of year	1,528,449
Net position at end of year	$ 1,887,205

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Governmental Activities - Internal Service Funds
Cash flows from operating activities:	
Cash received from charges for services	$ 5,853,930
Cash received from other operations	254,611
Cash payments to suppliers for goods and services	(1,173,550)
Cash payments for claims	(4,649,562)
Net cash provided by operating activities	285,429
Net increase in cash and cash equivalents	285,429
Cash and cash equivalents at beginning of year	1,856,857
Cash and cash equivalents at end of year	$ 2,142,286
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 358,756
Changes in assets and liabilities:	
Decrease in claims payable	(73,327)
Net cash provided by operating activities	$ 285,429

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF THE DISTRICT

Fremont City 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 federal guidelines.

The District was established in 1968 through the consolidation of existing land areas and Districts. The District serves an area of approximately one hundred sixty-two square miles. It is located in central Sandusky County, including all of the City of Fremont and portions of surrounding townships. It is staffed by 169 classified employees, 285 certified teaching personnel, including 39 administrative employees who provide services to students and other community members. The District currently operates seven elementary schools, a middle school, and a comprehensive high school.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, agencies and offices that are not legally separate from the District. For Fremont City 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 provides 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. There are no component units of the Fremont City School District.

The following activity is included within the District's reporting entity:

<u>Parochial Schools</u> - Within the District boundaries, Bishop Hoffman Catholic Schools are operated through the Toledo Catholic Diocese. Current state legislation provides funding to these parochial schools. The monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial schools. This activity is reflected in a special revenue fund for financial reporting purposes by the District.

The District participates in three jointly governed organizations. These organizations are the Northern Ohio Educational Computer Association, the Vanguard-Sentinel Career Center and the Ohio Schools Council. These organizations are presented in Note 18 to the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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 or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or 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 or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

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

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

> ***General Fund*** – The General fund accounts for all financial resources except those required to be accounted for in another fund. The General fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> ***Bond Retirement Fund*** – The Bond Retirement fund is used to account for the accumulation of property tax revenues restricted for the payment of the general obligation bonds used for the construction and improvements of school buildings and facilities.
>
> ***Classroom Facilities Fund*** – The Classroom Facilities fund is used to account for monies received and expended in connection with contracts entered into by the District and the Ohio Facilities Construction Commission for the building and equipping of classroom facilities.

The other governmental funds of the District account for grants and other resources to which the District is bound to observe constraints imposed upon the use of the resources.

Proprietary Fund – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The District reports one type of proprietary fund:

Internal Service Fund – The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's Self Insurance internal service fund accounts for the activities of the program for employee health care benefits and workers' compensation.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. The District does not have any fiduciary funds.

Measurement Focus

Government-wide Financial Statements – The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all 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 (i.e., revenues) and decreases (i.e., expenditures) 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 and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared.

Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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 the statements 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, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected 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 the fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 fiscal 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 fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees, and rentals.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent 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. For the District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, for pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report 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, property tax refund, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and 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. For the District, unavailable revenue may include delinquent property taxes, income taxes, grants and entitlements and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13).

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 governmental funds.

Budgetary Process

All funds, other than agency 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. Budgetary modifications at this level require a resolution of the Board of Education. The Treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original and final appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources.

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 fiscal year.

Cash and Investments

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

During fiscal year 2021, investments were limited to negotiable certificates of deposit (negotiable CD's), U.S. government money market funds, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for investments in STAR Ohio, investments are reported at fair value which is based on quoted market prices.

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

For fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $100 million. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

All interest is legally required to be placed in the general fund, and other funds as approved by a Board resolution. Interest revenue credited to the General fund during fiscal year 2021 amount to $56,771, which includes $42,403 assigned from other District funds.

Investments of the District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Capital Assets

All capital assets of the District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They 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 value as of the date received. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

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	5 - 75 Years
Equipment	3 - 25 Years
Vehicles	4 - 15 Years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable 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 termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the District's past experience of making termination payments. The entire compensated absences liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent 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 who have accumulated unpaid leave are paid.

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pension/OPEB, and pension/OPEB expense; 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.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund 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 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 during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on 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. At June 30, 2021, none of the District's net position was restricted for enabling legislation.

The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Balance

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

Nonspendable – Fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long- term amount of loans receivable, unless the use of the proceeds from the collection of those receivables is restricted, committed, or assigned.

Restricted – Fund balance category includes amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

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

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Fund balance classifications are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. The purpose constraint that represents the intended use is established by the Board of Education or by their designated official. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District or by State statute. The Treasurer is authorized to assign fund balance using encumbrances for planned purchases, provided such amounts have been lawfully appropriated. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are charges for services in the internal service fund. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the proprietary fund. All revenues and expenses not meeting this definition are reported as non-operating.

Interfund Activity

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

Estimates

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

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2021, the District has implemented GASB Statement No. 84, "*Fiduciary Activities*" and GASB Statement No. 90, "*Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*".

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds or private-purpose trust funds. The District reviewed its agency funds and private-purpose trust funds and these funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the District's financial statements.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the District.

During fiscal year 2020, the District has applied GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance.*" GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

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

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*
- Statement No. 93, *Replacement of Interbank Offered Rates*

B. Restatement of Net Position and Fund Balances

The implementation of GASB No. 84 had the following effect on fund balance as reported at June 30, 2020:

	General	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Fund Balance as previously reported	$ 3,778,174	$ 5,805,634	$ 33,989,489	$ 9,700,701	$ 53,273,998
GASB Statement No. 84	38,297	-	-	422,290	460,587
Restated Fund Balance, at June 30, 2020	$ 3,816,471	$ 5,805,634	$ 33,989,489	$ 10,122,991	$ 53,734,585

The implementation of GASB No. 84 had the following effect on the net position as reported at June 30, 2020:

	Governmental Activities
Net position as previously reported	$ 33,533,812
GASB Statement No. 84	460,587
Restated net position at June 30, 2020	$ 33,994,399

Due to the implementation of GASB Statement No. 84, the District has no funds to be reported under the new classification of custodial funds.

In addition, related to the implementation of GASB No. 84, the District will no longer be reporting agency funds or private-purpose trust funds. At June 30, 2020, agency funds reported assets and liabilities of $129,152 and the private-purpose trust funds reported net position of $331,435.

C. Deficit Fund Balances

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

Nonmajor funds	Deficit
Public School Preschool	$ 3,801
Title I Migrant Children	1
Elementary and Secondary School Energency Relief	217
Title III Limited English Proficiency	821
Title I	29,719
Supporting Effective Instruction	5,302
Total	$ 39,861

The General fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

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 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 (Non-GAAP Budgetary Basis), is presented for the General fund on the budgetary basis to provide meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

2. Expenditures/expenses and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

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

4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the General fund.

Net Change in Fund Balance

Budget Basis	$ (1,145,796)
Net Adjustment for Revenue Accruals	848,439
Net Adjustment for Expenditure Accruals	(98,724)
Funds Budgeted Elsewhere	(65,634)
Adjustment for Encumbrances	648,611
GAAP Basis	$ 186,896

** As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund on a GAAP basis. This includes Rotary Fund-Special Services, Flex Benefits, Internal Services Rotary, Unclaimed Funds, Underground Storage Tanks, and Public School Support funds.

NOTE 5 – DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those 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, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the District and the investment is not a commercial paper note, a banker’s acceptance or a repurchase agreement:

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

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, 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 for a period not to exceed thirty days in securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily;

4. Bonds and other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above 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. Commercial paper notes, limited to 40 percent (5 percent for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed 270 days; and

8. Bankers' acceptances, limited to 40 percent of the interim monies available for investmentat any one time and for a period not to exceed 180 days.

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

Deposits

At June 30, 2021, the carrying amount of all School deposits was $5,898,079 and the bank balance of all District deposits was $6,178,767. Of the bank balance, $745,576 was covered by the FDIC and $5,433,191 was collateralized through the OPCS. Although all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District will not be able to recover deposits or collateral securities that are in possession of an outside party.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or 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 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

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

			Investment Maturities (in years)		
Rating	Investment	Measurement Amount	Less than 1	1 - 3	% Total Investments
	Net Asset Value:				
AAAm	STAR Ohio	$ 17,499,963	$ 17,499,963	$ -	69.54%
	Fair Value:				
N/A	Negotiable Certificates of Deposit	1,897,665	985,735	911,930	7.54%
N/A	Money Market	5,767,388	5,767,388	-	22.92%
	Totals	$ 25,165,016	$ 24,253,086	$ 911,930	100.00%

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the District’s recurring fair value measurements as of June 30, 2021. The District's investments in U.S. Government money market funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk

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. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2021, is 79 days.

Credit Risk

STAR Ohio is rated AAAm by Standard & Poor’s. STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard service. The negotiable CD’s were not rated but are fully covered by the FDIC. Federal money markets are exempt from ratings since they are explicitly guaranteed by a U.S. Government Agency. The District’s policy on Credit Risk allows only for those investments as stated within the Ohio Revised Code.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. The District’s policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

Reconciliation of Cash and Investments to the Statement of Net Position

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

Cash and investments per note	
Carrying amount of deposits	$ 5,898,079
Investments	25,165,016
Total	$ 31,063,095
Cash and investments per statement of net position	
Governmental activities	$ 31,063,095

NOTE 6 – RECEIVABLES

Receivables at June 30, 2021 consisted of property taxes, income taxes, accounts (billings for user charged services, rentals and student fees), notes, accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities	
Property taxes	$ 16,659,197
Income taxes	4,018,650
Accounts	11,530
Intergovernmental	8,699,187
Notes	9,513
Accrued interest	10,489
Total governmental activities	$ 29,408,566

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

NOTE 7 – INCOME TAXES

The District levies a voted tax of 1.25 percent for general operations on the income of residents and of estates. The tax was renewed on January 1, 2019 and will continue for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General fund.

NOTE 8 – PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020 and are collected in 2021 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Sandusky County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available as an advance at June 30, 2021 was $2,524,485 in the general fund, $864,720 in the bond retirement fund, and $145,186 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2020 was $2,718,306 in the general fund, $908,560 in the bond retirement fund, and $167,400 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2021, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow of resources.

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

	2020 Second Half Collections		2021 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 577,135,310	80.37	$ 579,767,210	78.65
Public utility personal	140,937,190	19.63	157,382,770	21.35
Total	$ 718,072,500	100.00	$ 737,149,980	100.00
Tax rate per $1,000 of assessed valuation	$ 39.98		$ 40.05	

On May 2, 2017, a new levy was passed for 4.63 mills for the purpose of the District constructing and renovating school facilities. The levy will be collected throughout the 37 year life of the bonds that the District issued for the improvements.

NOTE 9 – TAX ABATEMENTS

The District's property taxes were reduced by $276,519 under the community reinvestment area and enterprise zone agreements entered into by overlapping governments.

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NOTE 10 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Additions	Disposals	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	$ 673,343	$ -	$ -	$ 673,343
Construction-in-progress	56,140,565	41,272,369	-	97,412,934
Total capital assets, not being depreciated	56,813,908	41,272,369	-	98,086,277
Capital assets, being depreciated:				
Land improvements	1,024,471	-	-	1,024,471
Buildings	37,849,533	-	-	37,849,533
Equipment	2,612,517	-	(7,690)	2,604,827
Vehicles	3,107,146	-	(53,026)	3,054,120
Total capital assets, being depreciated	44,593,667	-	(60,716)	44,532,951
Less: accumulated depreciation:				
Land improvements	(686,731)	(38,290)	-	(725,021)
Buildings	(10,941,149)	(455,861)	-	(11,397,010)
Equipment	(1,858,822)	(376,369)	7,690	(2,227,501)
Vehicles	(2,773,973)	(124,154)	53,026	(2,845,101)
Total accumulated depreciation	(16,260,675)	(994,674)	60,716	(17,194,633)
Total capital assets being depreciated, net	28,332,992	(994,674)	-	27,338,318
Governmental activities capital assets, net	$ 85,146,900	$ 40,277,695	$ -	$ 125,424,595

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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 301,392
Special	27,047
Vocational	2,919
Support services:	
Pupil	4,104
Instructional staff	13,452
Administration	4,380
Business	32,036
Operations and maintenance	393,654
Pupil transportation	116,626
Operation of non-instructional services:	
Food service operations	31,451
Community services	1,022
Extracurricular activities	66,591
Total depreciation expense	$ 994,674

NOTE 11 – 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. These risks are covered by commercial insurance purchased from independent third parties.

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

The District pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

The District offers medical, prescription drug, vision and dental insurance to all employees through a partially self-insured program of the District makes payments to the Self Insurance internal service fund based on actuarial estimates of the amounts needed to pay prior and current year claims. The District carries a stop loss insurance policy for claims in excess of $160,000 per individual annually and unlimited per individual, per lifetime.

Settled claims have not exceeded this coverage for the past three years. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, *Risk Financing Omnibus*, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Claims payable at June 30, 2021 were estimated by the third party administrator at $255,081.

The changes in the claims liability for the past two fiscal years are as follow:

Fiscal Year	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
2021	$ 328,408	$ 4,576,235	$ (4,649,562)	$ 255,081
2020	411,490	4,765,747	(4,848,829)	328,408

NOTE 12 – DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit: or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

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

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

The District's contractually required contribution to SERS was $790,666 for fiscal year 2021. Of this amount, $35,364 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability.

A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2021, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The District’s contractually required contribution to STRS was $2,891,259 for fiscal year 2021. Of this amount, $520,356 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.17100240%	0.17746750%	
Proportion of the net pension liability current measurement date	0.16190730%	0.17188193%	
Change in proportionate share	-0.00909510%	-0.00558557%	
Proportionate share of the net pension liability	$ 10,708,890	$ 41,589,311	$ 52,298,201
Pension expense	$ 960,633	$ 5,057,686	$ 6,018,319

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 20,802	$ 93,317	$ 114,119
Net difference between projected and actual earnings on pension plan investments	679,798	2,022,494	2,702,292
Changes of assumptions	-	2,232,542	2,232,542
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	575,854	575,854
Contributions subsequent to the measurement date	790,666	2,891,259	3,681,925
Total deferred outflows of resources	$ 1,491,266	$ 7,815,466	$ 9,306,732

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ -	$ 265,937	$ 265,937
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	356,804	1,553,722	1,910,526
Total deferred inflows of resources	$ 356,804	$ 1,819,659	$ 2,176,463

$3,681,925 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 fiscal 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:			
2022	$ (234,974)	$ 1,337,207	$ 1,102,233
2023	82,586	154,677	237,263
2024	283,352	936,752	1,220,104
2025	212,832	675,912	888,744
Total	$ 343,796	$ 3,104,548	$ 3,448,344

Actuarial Assumptions – SERS

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

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

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

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

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

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

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

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

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

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

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 14,669,872	$ 10,708,890	$ 7,385,551

Actuarial Assumptions – STRS

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

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

For the July 1, 2020, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	$ 59,215,939	$ 41,589,311	$ 26,652,213

NOTE 13 – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 12 for a description of the net OPEB liability (asset).

Plan Description – School Employees Retirement System (SERS)

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage.

Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was $23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was $93,438.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was $93,438 for fiscal year 2021. Of this amount, $93,438 is reported as an intergovernmental payable.

Plan Description – State Teachers Retirement System (STRS)

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

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

June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset was measured as of June 30, 2020, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.17503080%	0.17746750%	
Proportion of the net OPEB liability/asset current measurement date	0.16271070%	0.17188193%	
Change in proportionate share	-0.01232010%	-0.00558557%	
Proportionate share of the net OPEB liability	$ 3,536,236	$ -	$ 3,536,236
Proportionate share of the net OPEB asset	$ -	$ (3,020,824)	$ (3,020,824)
OPEB expense	$ (57,977)	$ (187,949)	$ (245,926)

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	$ 46,445	$ 193,560	$ 240,005
Net difference between projected and actual earnings on OPEB plan investments	39,846	105,872	145,718
Changes of assumptions	602,805	49,866	652,671
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	28,269	182,540	210,809
Contributions subsequent to the measurement date	93,438	-	93,438
Total deferred outflows of resources	$ 810,803	$ 531,838	$ 1,342,641

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 1,798,422	$ 601,706	$ 2,400,128
Changes of assumptions	89,070	2,869,278	2,958,348
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	377,511	300,912	678,423
Total deferred inflows of resources	$ 2,265,003	$ 3,771,896	$ 6,036,899

$93,438 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/asset in the fiscal 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:			
2022	$ (302,575)	$ (788,396)	$ (1,090,971)
2023	(299,693)	(716,738)	(1,016,431)
2024	(300,162)	(691,605)	(991,767)
2025	(301,224)	(736,917)	(1,038,141)
2026	(247,667)	(159,124)	(406,791)
Thereafter	(96,317)	(147,278)	(243,595)
Total	$ (1,547,638)	$ (3,240,058)	$ (4,787,696)

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, 2020 are presented below:

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

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015 and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

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

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate (7.00% decreasing to 4.75%).

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	$ 4,328,265	$ 3,536,236	$ 2,906,574

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	$ 2,784,517	$ 3,536,236	$ 4,541,477

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

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

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

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate – The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB asset	$ 2,628,312	$ 3,020,824	$ 3,353,853

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	$ 3,333,181	$ 3,020,824	$ 2,640,323

NOTE 14 – OTHER EMPLOYEE BENEFITS

Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of unlimited days for administrators, supervisors, and classified supervisors; two hundred forty-four days for teachers and school calendar employees; and two hundred sixty days for full-time classified employees.

Upon retirement, payment is made for one half of accrued, but unused sick leave credit to a maximum of fifty-three days for teachers and thirty-five to seventy days for classified employees, depending on various incentives and years of service. Payment for administrators, supervisors, and classified supervisors is made for one half up to fifty-three days or more with certain incentives.

Health Care Benefits

The District provides medical, prescription drug, vision and dental insurance benefits to all employees through a partially self-insured program.

Special Termination Benefits

The District offers a special termination benefit to employees in the first year they are eligible to retire from their respective retirement system. The benefit is available to certified employees who have five or more years of consecutive service and retire from STRS and to classified employees who have seventeen or more years of consecutive service with Fremont City Schools. The bonus of twenty days calculated at the employee's daily rate at the time of retirement with a minimum guarantee of $6,000, will be paid after January 1 and before March 31 of the year following retirement for certified employees and within sixty days of retirement acceptance for classified employees. The bonus carries a provision that classified employees must also have accrued in excess of one hundred fifty days of unused sick leave at the time of retirement.

NOTE 15 – INTERFUND TRANSACTIONS

A. Interfund loans receivable/payable consisted of the following at June 30, 2021, as reported on the fund statements:

Receivable fund	Payable fund	Amount
General fund	Nonmajor governmental funds	$ 960,210

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30 and to cover negative cash balances in certain funds. These interfund balances will be repaid once the anticipated revenues are received. Interfund loans between governmental funds are eliminated on the government-wide financial statements.

B. Interfund transfers for fiscal year 2021 consisted of the following as reported on the fund financial statements:

	Amount
Transfers from Classroom Facilities fund to:	
Nonmajor governmental funds	$ 2,747,795
Transfers from nonmajor governmental funds to:	
Nonmajor governmental funds	162,726
	$ 2,910,521

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. During fiscal year 2021, related to the District's continued construction projects, the District transferred $2,747,795 from the Classroom Facilities fund and $162,726 from the Building fund to the Permanent Improvement fund (a nonmajor governmental fund). Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported on the statement of activities.

NOTE 16 – LONG-TERM OBLIGATIONS

Changes in the District's long-term obligations during fiscal year 2021 were as follows:

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due in One Year
Governmental activities:					
General Obligation Bonds:					
Series 2015 Refunding Bonds					
Serial and Term Bonds	$ 7,055,000	$ -	$ -	$ 7,055,000	$ 340,000
Capital Appreciation Bonds	107,409	-	(107,409)	-	-
Accretion on Bonds	164,094	68,497	(232,591)	-	-
Unamortized Premium	581,656	-	(63,896)	517,760	-
Series 2016 Refunding Bonds					
Serial and Term Bonds	6,800,000	-	(295,000)	6,505,000	300,000
Unamortized Premium	620,297	-	(69,432)	550,865	-
Series 2017 General Obligation Bonds					
Serial and Term Bonds	57,290,000	-	(690,000)	56,600,000	715,000
Unamortized Premium	4,461,157	-	(153,833)	4,307,324	-
Total General Obligation Bonds	77,079,613	68,497	(1,612,161)	75,535,949	1,355,000
Net Pension Liability	49,477,244	2,820,957	-	52,298,201	-
Net OPEB Liability	4,401,657	-	(865,421)	3,536,236	-
Compensated Absences	4,706,199	517,216	(392,401)	4,831,014	245,777
Total Governmental Activities Long-Term Liabilities	$ 135,664,713	$ 3,406,670	$ (2,869,983)	$ 136,201,400	$ 1,600,777

On December 1, 2015, the District issued $7,499,935 in Series 2015 general obligation bonds with interest rates ranging from 1% to 4% for serial and term bonds and 23.81% for capital appreciation bonds to advance refund $7,500,000 of outstanding 2009B School Facilities bonds with an average interest rate of 4.82%. The bond proceeds consisted of bond principal and $909,837 of premium. The net proceeds of $8,451,014 (after payment of $135,270 in underwriting fees, insurance, and other issuance costs) was deposited into an irrevocable trust with an escrow agent to provide for future debt service payments of the portion of 2009B School Facilities refunded. As a result of this issue, a portion of the 2009B School Facilities bonds are considered to be redeemed and the liability has been removed. The old debt was called on January 15, 2019, and the debt was repaid.

On March 15, 2016, the District issued $7,165,000 in Series 2016 general obligation bonds with interest rates ranging from 2% to 4% for serial and term bonds to advance refund $7,235,000 of outstanding 2009A School Facilities bonds with an average interest rate of 4.57%. The bond proceeds consisted of bond principal and $980,223 of premium. The net proceeds of $8,020,619 (after payment of $124,604 in underwriting fees, insurance, and other issuance costs) was deposited into an irrevocable trust with an escrow agent to provide for future debt service payments of the portion of 2009A School Facilities refunded. As a result of this issue, a portion of the 2009A School Facilities bonds are considered to be redeemed and the liability has been removed. The old debt was called on January 15, 2019, and the debt was repaid.

In July 2017, the District issued $58,635,000 in Series 2017 serial and term general obligation bonds. The bonds were issued for the purpose of constructing and renovating school facilities. The interest rate of the bonds varies between 2 and 5 percent. The bonds mature in fiscal year 2055. These bonds were issued with a premium of $4,922,656, which is reported as an increase to bonds payable.

General obligation bonds will be repaid from the debt service fund. Compensated absences will be paid primarily from the general fund but also the food service fund and grant funds. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the general fund. For additional information related to the net pension liability and net OPEB asset/liability see Notes 12 and 13.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2021, were as follows:

Fiscal	General Obligation Bonds		
Year Ended	Principal	Interest	Total
2022	$ 1,355,000	$ 3,053,000	$ 4,408,000
2023	1,400,000	3,005,200	4,405,200
2024	1,455,000	2,955,800	4,410,800
2025	1,505,000	2,904,450	4,409,450
2026	1,565,000	2,847,950	4,412,950
2027 - 2031	8,845,000	13,259,500	22,104,500
2032 - 2036	10,985,000	11,177,125	22,162,125
2037 - 2041	8,785,000	8,821,100	17,606,100
2042 - 2046	9,775,000	6,707,000	16,482,000
2047 - 2051	12,475,000	4,055,550	16,530,550
2052 - 2055	12,015,000	1,226,200	13,241,200
Total	$ 70,160,000	$ 60,012,875	$ 130,172,875

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2021, are a voted debt margin of $1,575,203 including available funds of $5,391,705 and an unvoted debt margin of $737,150.

NOTE 17 – SET ASIDES

The District is required by the state law to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. The District may replace using general fund revenues with proceeds from various sources (offsets), such as bond or levy proceeds related to the acquisition, replacement, enhancement, maintenance or repair of permanent improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

The following information describes the change in the year-end set-aside amounts for capital maintenance.

	Capital Improvement Reserve
Set-aside balance June 30, 2020	$ -
Current year set-aside requirement	635,188
Current year offsets	(635,188)
Total	$ -
Balance carried forward to fiscal year 2022	$ -
Set-aside balance June 30, 2021	$ -

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

NOTE 18 – JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among local Districts. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member Districts. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The NOECA Assembly consists of a representative from each participating District. The degree of control exercised by any participating District is limited to its representation on the Board of Directors. During fiscal year 2021, the District paid $160,767 to NOECA for various services. Financial information can be obtained from Matthew Bauer, who serves as Controller, 2900 South Columbus Avenue, Sandusky, Ohio 44870.

Vanguard-Sentinel Career Center

The Vanguard-Sentinel Career Center (Career Center) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The Career Center is operated under the direction of a Board consisting of two representatives from the District and one representative from the other thirteen participating Districts' elected boards. The Career Center possesses its own budgeting and taxing authority. The degree of control exercised by any participating District is limited to its representation on the Board. Financial information can be obtained from the Vanguard-Sentinel Career Center, Alex Binger, who serves as Treasurer, 1306 Cedar Street, Fremont, Ohio 43420.

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among 201 Districts, educational service centers, joint vocational Districts, and developmental disabilities boards in thirty-five northern Ohio counties. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to its members. Each member supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any District is limited to its representation on the Board. During fiscal year 2021, the District paid the Council $86,259 for natural gas purchases and $827 for membership fees. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

NOTE 19 – CONTINGENCIES

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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District, if applicable, cannot be determined at this time nor does management believe any such disallowed claims will have a material adverse effect on the overall financial position of the District at June 30, 2021.

Litigation

The District is not party to any claims or lawsuits that would, in the District's opinion, have a material effect of the basic financial statements.

School Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has finalized the impact of enrollment adjustments to the June 30, 2021 Foundation funding for the District resulting in the $78,146 intergovernmental receivable being recorded on the financial statements at June 30, 2021.

NOTE 20 – SIGNIFICANT COMMITMENTS

Encumbrance Commitments

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances (net of amounts already included in payables) in the governmental funds were as follows:

Fund	Year-End Encumbrances
General fund	$ 655,106
Bond retirement	-
Classroom facilities	13,079,694
Other governmental	3,546,970
Total	$ 17,281,770

Contractual Commitments

The District had the following significant contractual commitments related to the new high school and elementary schools as of June 30, 2021:

Vendor	Contract	Expended	Remaining
Adena	$ 201,425	$ 157,114	$ 44,311
Gilbane Building Company	96,938,794	77,538,084	19,400,710
Heapy Engineering Inc	306,510	204,953	101,557
SSOE Group	4,569,442	4,097,586	471,856
Then Design	3,724,246	3,068,698	655,548
Totals	$ 105,740,417	$ 85,066,435	$ 20,673,982

Based on timing of when contracts are encumbered, contractual commitments identified above may or may not be included in the outstanding encumbrance commitments previously disclosed in this note.

NOTE 21 – COVID-19

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

During fiscal year 2021, the District received $202,296 in CARES Act funding and $873,919 in Elementary and Secondary School Emergency Relief (ESSER) funding through the Ohio Department of Education. These amounts are reported in the Coronavirus Relief fund (a nonmajor governmental fund) and ESSER fund (a nonmajor governmental fund), respectively.

NOTE 22 – SUBSEQUENT EVENT

For fiscal year 2022, District foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the respective school. For fiscal year 2021, the District reported $4,492,464 in revenue and expenditures/expense related to these programs. Also during fiscal year 2021, the District reported $396,800 in tuition and fees from the resident Districts which will be direct funded to the District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each District. The District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO
LAST EIGHT FISCAL YEARS

	2021	2020	2019	2018
District's proportion of the net pension liability	0.16190730%	0.17100240%	0.17341040%	0.17231160%
District's proportionate share of the net pension liability	$ 10,708,890	$ 10,231,373	$ 9,931,535	$ 10,295,237
District's covered payroll	$ 5,890,704	$ 5,862,415	$ 5,680,756	$ 5,658,129
District's proportionate share of the net pension liability as a percentage of its covered payroll	181.79%	174.52%	174.83%	181.95%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014
0.17455500%	0.17289100%	0.17456000%	0.17456000%
$ 12,775,815	$ 9,865,328	$ 8,834,382	$ 10,380,523
$ 5,406,507	$ 5,201,108	$ 5,092,504	$ 4,880,535
236.30%	189.68%	173.48%	212.69%
62.98%	69.16%	71.70%	65.52%

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO
LAST EIGHT FISCAL YEARS

	2021	2020	2019	2018
District's proportion of the net pension liability	0.17188193%	0.17746750%	0.17594956%	0.18406996%
District's proportionate share of the net pension liability	$ 41,589,311	$ 39,245,871	$ 38,687,358	$ 43,726,214
District's covered payroll	$ 20,961,121	$ 20,196,236	$ 20,546,821	$ 20,462,450
District's proportionate share of the net pension liability as a percentage of its covered payroll	198.41%	194.32%	188.29%	213.69%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014
0.17610576%	0.17900273%	0.17492557%	0.17492557%
$ 58,947,906	$ 49,471,119	$ 42,547,952	$ 50,682,843
$ 18,586,571	$ 18,749,086	$ 18,038,231	$ 17,945,700
317.15%	263.86%	235.88%	282.42%
66.80%	72.10%	74.70%	69.30%

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO
LAST NINE FISCAL YEARS

	2021	2020	2019	2018
Contractually required contribution	$ 790,666	$ 795,245	$ 791,426	$ 766,902
Contributions in relation to the contractually required contribution	(790,666)	(795,245)	(791,426)	(766,902)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 5,647,614	$ 5,890,704	$ 5,862,415	$ 5,680,756
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

Note: Information prior to 2013 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014	2013
$ 792,138	$ 756,911	$ 685,506	$ 705,821	$ 675,466
(792,138)	(756,911)	(685,506)	(705,821)	(675,466)
$ -	$ -	$ -	$ -	$ -
$ 5,658,129	$ 5,406,507	$ 5,201,108	$ 5,092,504	$ 4,880,535
14.00%	14.00%	13.18%	13.86%	13.84%

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO
LAST NINE FISCAL YEARS

	2021	2020	2019	2018
Contractually required contribution	$ 2,891,259	$ 2,934,557	$ 2,827,473	$ 2,876,555
Contributions in relation to the contractually required contribution	(2,891,259)	(2,934,557)	(2,827,473)	(2,876,555)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 20,651,850	$ 20,961,121	$ 20,196,236	$ 20,546,821
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

Note: Information prior to 2013 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014	2013
$ 2,864,743	$ 2,602,120	$ 2,624,872	$ 2,344,970	$ 2,332,941
(2,864,743)	(2,602,120)	(2,624,872)	(2,344,970)	(2,332,941)
$ -	$ -	$ -	$ -	$ -
$ 20,462,450	$ 18,586,571	$ 18,749,086	$ 18,038,231	$ 17,945,700
14.00%	14.00%	14.00%	13.00%	13.00%

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO
LAST FIVE FISCAL YEARS

	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.16271070%	0.17503080%	0.17587080%	0.17445470%
District's proportionate share of the net OPEB liability	$ 3,536,236	$ 4,401,657	$ 4,879,131	$ 4,681,906
District's covered payroll	$ 5,890,704	$ 5,862,415	$ 5,680,756	$ 5,658,129
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.03%	75.08%	85.89%	82.75%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017
0.17672088%
$ 5,037,199
$ 5,406,507
93.17%
11.49%

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO
LAST FIVE FISCAL YEARS

	2021	2020	2019	2018
District's proportion of the net OPEB liability/asset	0.17188193%	0.17746800%	0.17594956%	0.18406996%
District's proportionate share of the net OPEB liability/(asset)	$ (3,020,824)	$ (2,939,296)	$ (2,827,330)	$ 7,181,731
District's covered payroll	$ 20,961,121	$ 20,196,236	$ 20,546,821	$ 20,462,450
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.41%	14.55%	13.76%	35.10%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	174.70%	176.00%	47.10%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017
0.17610576%
$ 9,418,182
$ 18,586,571
50.67%
37.30%

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO
LAST NINE FISCAL YEARS

	2021	2020	2019	2018
Contractually required contribution	$ 93,438	$ 79,460	$ 135,147	$ 123,177
Contributions in relation to the contractually required contribution	(93,438)	(79,460)	(135,147)	(123,177)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 5,647,614	$ 5,890,704	$ 5,862,415	$ 5,680,756
Contributions as a percentage of covered payroll	1.65%	1.35%	2.31%	2.17%

Note: Information prior to 2013 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014	2013
$ 93,224	$ 88,686	$ 134,275	$ 95,198	$ 91,945
(93,224)	(88,686)	(134,275)	(95,198)	(91,945)
$ -	$ -	$ -	$ -	$ -
$ 5,658,129	$ 5,406,507	$ 5,201,108	$ 5,092,504	$ 4,880,535
1.65%	1.64%	2.58%	1.87%	1.88%

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO
LAST NINE FISCAL YEARS

	2021	2020	2019	2018
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 20,651,850	$ 20,961,121	$ 20,196,236	$ 20,546,821
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

Note: Information prior to 2013 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014	2013
$ -	$ -	$ -	$ 180,382	$ 179,457
-	-	-	(180,382)	(179,457)
$ -	$ -	$ -	$ -	$ -
$ 20,462,450	$ 18,586,571	$ 18,749,086	$ 18,038,231	$ 17,945,700
0.00%	0.00%	0.00%	1.00%	1.00%

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) 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, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2021.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) 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, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2019-2021.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2021.

(Continued)

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) 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, (f) 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, (g) 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, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%. For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021. For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate. For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

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

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through Ohio Department of Education		
Child Nutrition Cluster		
National School Lunch Program		
Non-Cash Assistance (Food Distribution)	10.555	$ 157,326
Cash Assistance	10.555	314
Total National School Lunch Program		157,640
Summer Food Service Program for Children	10.559	976,096
COVID-19 Summer Food Service Program for Children	10.559	350,756
Total Summer Food Service Program for Children		1,326,852
Total Child Nutrition Cluster		1,484,492
Child and Adult Care Food Program	10.558	3,165
Total U.S. Department of Agriculture		**1,487,657**
U.S. DEPARTMENT OF TREASURY		
Passed Through Ohio Department of Education		
COVID-19 Coronavirus Relief Fund	21.019	202,296
Total U.S. Department of Treasury		**202,296**
U.S. DEPARTMENT OF EDUCATION		
Passed Through Ohio Department of Education		
Title I Grants to Local Educational Agencies	84.010	1,000,593
Special Education Cluster (IDEA):		
Special Education Grants to States	84.027	489,417
Twenty-First Century Community Learning Centers	84.287	100,968
English Language Acquisition State Grants	84.365	15,534
Supporting Effective Instruction State Grants	84.367	137,053
Student Support and Academic Enrichment Program	84.424	115,169
COVID-19 Education Stabilization Fund (ESSER I)	84.425D	873,919
Total U.S. Department of Education		**2,732,653**
Total Expenditures of Federal Awards		**$ 4,422,606**

The accompanying notes are an integral part of this schedule.

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

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

Program Title	CFDA Number	Amt. Transferred
Title I Grants to Local Educational Agencies	84.010	$ 77,193
Special Education Grants to States	84.027	26,846
Supporting Effective Instruction State Grants	84.367	59,404
Student Support and Academic Erichment Program	84.424	45,575
English Language Acquisition State Grants	84.365	1,030

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OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Fremont City School District
Sandusky County
500 West State Street, Suite A
Fremont, Ohio 43420-2580

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fremont City School District, Sandusky County, Ohio (the District) as of and for the year ended June 30,2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated August 5, 2022, wherein we noted the District adopted Governmental Accounting standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures, which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

August 5, 2022

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Fremont City School District
Sandusky County
500 West Side Street, Suite A
Fremont, Ohio 43420-2580

To the Board of Education:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

August 5, 2022

FREMONT CITY SCHOOL DISTRICT
SANDUSKY COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Education Stabilization Fund – CFDA #84.425D Coronavirus Relief Fund – CFDA #21.019
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE
KEITH FABER

FREMONT CITY SCHOOL DISTRICT

SANDUSKY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.

Certified for Release 8/18/2022

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