



OHIO AUDITOR OF STATE
KEITH FABER



**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

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**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Pleasant Local School District
Marion County
1107 Owens Road West
Marion, Ohio 43302

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 the Pleasant Local School District, Marion County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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 School 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 School 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 School District, as of June 30, 2021, and the respective changes in financial position 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 21 to the financial statements, during 2021, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Additionally, as discussed in Note 23 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 these matters.

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 School 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 schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this 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 31, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

August 31, 2022

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Pleasant Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

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

Financial Highlights

Key financial highlights for 2021 are as follows:

- Net position of governmental activities increased \$2,963,667 from 2021. Further analysis of this increase may be found on page 10.
- Revenues and special item for governmental activities totaled \$19,964,010 in 2021. Of this total, \$14,223,501 or 71.2 percent consisted of general revenues and special item while program revenues accounted for the balance of \$5,740,509 or 30.0 percent.
- The School District had \$17,000,343 in expenses related to governmental activities; only \$5,740,509 of these expenses was offset by program specific charges for services, operating grants and contributions. General revenues (primarily taxes and school foundation) of \$13,413,535 were adequate for these programs.
- Program expenses totaled \$17,000,343. Instructional expenses made up \$10,427,131 or 61.4 percent of this total while support services accounted for \$4,478,363 or 26.3 percent. Other expenses, \$2,094,849 rounded out the remaining 12.3 percent.
- At the end of the current fiscal year, the governmental funds reported a combined ending fund balance of \$31,573,665, a decrease of \$7,124,605 from 2020.
- During the fiscal year, the School District received a residual \$809,966 from the closing of a sponsored community school which was reported as a special item.

Using this Annual Financial Report

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

The statement of net position and the statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide a greater 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 School District's most significant funds, with all other nonmajor funds presented in total in a single column. For Pleasant Local School District, the general fund, building and classroom facilities capital projects fund, and debt service fund are the most significant funds.

Pleasant Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

The analysis of the School District as a whole begins on page 7. While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the questions, "Are we in a better financial position this year than last?" and "Why?" or "Why not?". The *Statement of Net Position* and the *Statement of Activities* assist in answering these questions. These statements include all non-fiduciary assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in net position. This change in net position is important because it tells the readers that, for the School District as a whole, the financial position of the School 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 School 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 School Districts' activities are considered to be all governmental activities. All of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 12. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. Fund financial reports provide detailed information about the general fund, the building and classroom facilities capital projects fund and the debt service fund, which are considered major funds. Data from the other funds are combined into a single, aggregated presentation.

Governmental Funds Most of the School 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 fiscal 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 statements provide a detailed short-term view of the School 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 financial statements.

Pleasant Local School District
Management's Discussion and Analysis
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Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's own programs. These funds use the accrual basis of accounting.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Over time, net position can serve as a useful indicator of a government's financial position. During fiscal year 2021, the School District had an increase in net position of \$2,963,667.

Capital assets, reported on the government-wide statements represent a large component of net position. Capital assets include land, land improvements, buildings and building improvements, furniture, fixtures and equipment, vehicles and infrastructure used to provide services to students and are not available for future spending.

Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$2,180,482, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted assets, \$348,425 or 16.0 percent is restricted for capital outlay, \$1,379,842 or 63.3 percent is restricted for debt service payments and \$452,215 or 20.7 percent is restricted for other purposes. Restricted for other purposes primarily include amounts generated by individual school buildings to supplement co-curricular and extra-curricular programs, and for resources restricted for the operation of the School District's recreation center.

Pleasant Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Table 1 provides a summary of the School District's net position for 2021 compared to 2020:

Table 1		
Net Position		
Governmental Activities		
	2021	Restated 2020
Assets		
Current and other assets	\$ 38,196,550	\$ 43,465,384
Net OPEB asset	815,930	754,329
Capital assets, net of depreciation	16,194,776	6,317,219
Total assets	55,207,256	50,536,932
 Deferred outflows of resources		
Pension	2,548,641	2,446,537
OPEB	397,533	329,927
Total deferred outflows of resources	2,946,174	2,776,464
 Liabilities		
Other liabilities	3,301,282	1,716,604
Long-term liabilities:		
Due within one year	607,154	610,676
Due in more than one year:		
Net pension liability	14,081,238	12,888,219
Net OPEB liability	973,829	1,202,673
Other amounts due in more than one year	34,347,272	34,957,663
Total liabilities	53,310,775	51,375,835
 Deferred inflows of resources		
Property taxes	3,109,413	2,894,332
Pension	363,889	900,549
OPEB	1,590,609	1,327,603
Total deferred inflows of resources	5,063,911	5,122,484
 Net Position		
Net investment in capital assets	5,875,268	5,173,656
Restricted	2,180,482	1,622,204
Unrestricted	(8,277,006)	(9,980,783)
Total net position	\$ (221,256)	\$ (3,184,923)

Pleasant Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Table 2 reflects the changes in net position for fiscal year 2021 and fiscal year 2020.

Table 2
Governmental Activities

	2021	2020
Program Revenues		
Charges for services	\$ 2,860,910	\$ 3,230,000
Operating grants and contributions	2,879,599	1,600,105
Total program revenues	5,740,509	4,830,105
General Revenues		
Property taxes	6,595,971	6,665,252
Income taxes	1,720,664	525,942
Grants and entitlements	4,865,101	4,702,038
Investment earnings	69,631	834,711
Miscellaneous	162,168	61,232
Total general revenues	13,413,535	12,789,175
Special item	809,966	-
Total revenues	19,964,010	17,619,280
Program Expenses		
Instruction:		
Regular	8,669,647	7,793,972
Special	1,637,967	1,588,909
Vocational	49,510	44,025
Other	70,007	104,207
Support services:		
Pupils	711,588	667,098
Instructional staff	572,109	569,873
Board of education	77,573	59,239
Administration	1,124,643	1,192,282
Fiscal	431,601	426,397
Operation and maintenance of plant	1,084,846	1,470,551
Pupil transportation	394,894	470,723
Central	81,109	79,590
Operation non-instructional services	526,354	717,362
Extracurricular activities	441,863	560,894
Interest and fiscal charges	1,126,632	1,430,008
Total Program Expenses	17,000,343	17,175,130
Change in net position	2,963,667	444,150
Net position beginning of year	(3,184,923)	(3,694,873)
Restatement	-	65,800
Net position end of year	\$ (221,256)	\$ (3,184,923)

Pleasant Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
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The School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual other postemployment benefits (OPEB) expense for their proportionate share of each plan's change in net pension liability and net OPEB liability or asset, respectively, not accounted for as deferred inflows/outflows.

In addition to the \$67,265 negative expense reported for changes in net OPEB liability and related inflows/outflows, the School District is reporting a negative expense in the amount of \$1,032,589 for contractually required contributions in the net OPEB and pension liability for fiscal year 2021.

Governmental Activities

Several revenue sources fund our governmental activities with property taxes and State foundation revenues being the largest contributors. Property tax levies generated over \$6.5 million in 2021. General revenues from grants and entitlements, such as the school foundation program, generated over \$4.8 million. With the combination of taxes and intergovernmental funding 57.4 percent of all revenues, the School District monitors both of these revenue sources very closely for fluctuations.

The School District has an income tax which is also a critical revenue used to support operations. For 2021, this revenue amounted to \$1.7 million or 8.6 percent of total revenues.

A review of Table 2 reflects that the total cost of instructional services was \$10,427,131 or 61.3 percent of governmental program expenses. Instructional expenses include activities directly related to the teaching of pupils and the interaction between teacher and pupil. As compared to the prior year, these expenses increased \$896,018, or 9.4 percent mainly due to the significant changes in the net pension and net OPEB liabilities and asset.

Pupil services and instructional staff include the activities involved in assisting staff and the content and process of teaching pupils. These expenses represent \$1,283,697 of the total governmental program expenses, or 7.6 percent. These expenses increased from the prior year in the amount of \$46,726, or 3.8 percent again due to the changes in the net pension and net OPEB liabilities and asset.

Board of Education, administration and fiscal classifications reflect expenses associated with establishing and administering school operation policies, financial operations and activities concerned with purchasing, receiving and maintaining goods and services for the School District. The total cost was \$1,633,817 or 9.6 percent of governmental program expenses. Expenses of these programs decreased \$44,101, or 2.6 percent due to decreased costs associated with school operations, as compared to fiscal year 2020.

Operation and maintenance of plant expenses refer to the care and upkeep of the buildings, grounds, equipment and the safety of the School District's operations. The total cost for the operation and maintenance services was \$1,084,846 or 6.4 percent of the governmental program expenses. Expenses for providing this program decreased \$385,705, or 26.2 percent as compared to the prior year due to decreased costs associated with school maintenance costs.

Pleasant Local School District
 Management's Discussion and Analysis
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Pupil transportation expenses are expenses related to the transportation of students to and from school, as well as the service and maintenance of those vehicles. Total transportation cost was \$394,894 or 2.3 percent of the total governmental program expenditures. Expenses for providing this program decreased \$75,829, or 16.1 percent as compared to the prior year. This was due to decreased costs associated with the transportation of students.

The dependence upon tax revenues for governmental activities is apparent with only 33.8 percent of governmental expenses supported by program revenues.

As a result of implementing the accounting standard for pension and OPEB, the School District is reporting a significant net pension liability, net OPEB liability, related deferred inflows of resources and an increase in pension expense for the fiscal year which have a negative effect on net position. In addition, the School District is reporting a net OPEB asset, deferred outflows of resources and a decrease in expenses related to OPEB, which have a positive impact on net position. The increase and decrease in pension and OPEB expense is the difference between the contractually required contributions and the pension and OPEB expense resulting from the change in the liability or asset that is not reported as deferred inflows or outflows. These amounts can be found in the reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities. To further explain the impact of these accounting standards on the School District's net position, additional information is presented below.

	<u>2021</u>	<u>2020</u>
Deferred outflows - pension	\$ 2,548,641	\$ 2,446,537
Deferred outflows - OPEB	397,533	329,927
Deferred inflows - pension	(363,889)	(900,549)
Deferred inflows - OPEB	(1,590,609)	(1,327,603)
Net pension liability	(14,081,238)	(12,888,219)
Net OPEB liability	(973,829)	(1,202,673)
Net OPEB asset	815,930	754,329
Impact of GASB 68 and GASB 75 on net position	<u>\$ (13,247,461)</u>	<u>\$ (12,788,251)</u>
Expenses:		
Instruction	302,394	147,217
Support services	134,789	232,112
Operation non-instructional services	8,802	48,799
Extracurricular activities	13,225	46,502
Net expense impact	<u>\$ 459,210</u>	<u>\$ 474,630</u>

For 2021, the net expense impact of GASB 68 and 75 was \$459,210. This was from reporting the increase in the School District's proportionate share of the pension and other post-employment benefit liability of the State Teachers Retirement System and School Employees Retirement System pension boards. This adjustment was a positive expense which increased expenses for these programs.

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The general fund experienced a 61.4 percent increase in fund balance.

Pleasant Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Table 3
Fund Balances

	Fund Balance June 30, 2021	Restated Fund Balance June 30, 2020	Increase/ (Decrease)	Percent Change
General	\$ 5,288,280	\$ 3,275,615	\$ 2,012,665	61.4%
Debt service	1,604,059	1,138,667	465,392	40.9%
Building	9,934,078	9,981,427	(47,349)	(0.5%)
Classroom facilities	14,167,451	23,740,499	(9,573,048)	(40.3%)
Other governmental	<u>579,797</u>	<u>562,062</u>	<u>17,735</u>	3.2%
Total	<u>\$ 31,573,665</u>	<u>\$ 38,698,270</u>	<u>\$ (7,124,605)</u>	

General Fund

The net change in fund balance for the fiscal year was significant in the general fund reporting a fund balance of \$5,288,280, an increase of \$2,012,665 from 2020. This increase was due mainly from reporting the first full year of income tax revenue and reporting a special item from the residual proceeds from the closing of a sponsored community school, contributing to the overall increase in revenues with only a slight increase in expenditures for the current fiscal year.

Debt Service Fund

The School District's debt service fund balance increased by \$465,392 due to the increase in property taxes related to the fluctuations in the amount available as an advance as well as the overall decrease in expenditures mainly from debt service payments. The revenues of the fund are property taxes, calculated by the county auditor, and intergovernmental. The expenditures of the fund include debt principal and interest payments as well as county fiscal officer fees. The remaining fund balance will be used to make upcoming debt payments as they become due.

Building Fund

The School District's building fund balance decreased by \$47,349 due to the decrease in interest revenue and continuing spending on new construction during the fiscal year. The revenues reported in the fund is interest. The expenditures of the fund include capital related expenditures for the acquisition, construction, or improvement of capital facilities.

Classroom Facilities Fund

The School District's classroom facilities fund balance decreased by \$9,573,048 due mainly from continuing spending on new construction during the fiscal year. The revenues reported in the fund is interest. The expenditures of the fund include capital related expenditures for the acquisition, construction, or improvement of capital facilities.

Pleasant Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Table 4
General Fund Changes in Revenues and Expenditures

	2021 Amount	2020 Amount	Increase (Decrease)	Percent Change
<u>Revenues:</u>				
Property taxes	\$ 4,481,732	\$ 4,681,253	\$ (199,521)	(4.26%)
Income taxes	1,692,103	419,019	1,273,084	303.82%
Intergovernmental	4,898,482	4,806,427	92,055	1.92%
Interest	5,603	79,067	(73,464)	(92.91%)
Tuition and fees	2,647,815	2,611,488	36,327	1.39%
Extracurricular activities	42,252	52,455	(10,203)	(19.45%)
Gifts and donations	6	5,500	(5,494)	(99.89%)
Charges for services	33,721	137,781	(104,060)	(75.53%)
Rent	-	3,500	(3,500)	(100.00%)
Miscellaneous	162,252	56,027	106,225	189.60%
Total revenues	<u>13,963,966</u>	<u>12,852,517</u>	<u>1,111,449</u>	
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	7,621,524	7,557,089	64,435	0.85%
Special	1,313,985	1,279,005	34,980	2.73%
Vocational	47,034	43,389	3,645	8.40%
Other	3	407	(404)	(99.26%)
Support services:				
Pupils	167,308	202,011	(34,703)	(17.18%)
Instructional staff	259,479	289,727	(30,248)	(10.44%)
Board of education	77,291	58,985	18,306	31.04%
Administration	986,687	916,452	70,235	7.66%
Fiscal	382,195	370,139	12,056	3.26%
Operation and maintenance of plant	886,072	881,273	4,799	0.54%
Pupil transportation	293,534	399,898	(106,364)	(26.60%)
Central	80,298	70,650	9,648	13.66%
Operation of non-instructional services	31,217	148,168	(116,951)	(78.93%)
Extracurricular	239,188	290,115	(50,927)	(17.55%)
Capital outlay	362,189	67,565	294,624	436.06%
Debt service:				
Principal retirement	61,641	51,844	9,797	18.90%
Interest and fiscal charges	4,187	4,004	183	4.57%
Total expenditures	<u>\$ 12,813,832</u>	<u>\$ 12,630,721</u>	<u>\$ 183,111</u>	

Pleasant Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

General Fund Budgeting Highlights

The School 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. During fiscal year 2021, the School District amended its general fund budget as expenditure priorities changed according to student, building and operational needs. Budget revisions are presented to the Board of Education for approval.

For the general fund, the final budget basis revenue and other financing sources estimate was \$14,453,931, representing an increase of \$1,058,195 from the original budget estimate primarily due from revenues not known at the original budget process. Actual revenue and other financing sources of \$14,459,817 increased \$5,886 from the final budget basis revenue estimate. This increase of actual revenues was not significant in any one area.

The difference between the original budget appropriations and other financing uses and the final amended budget appropriations and other financing uses of the general fund was a increase of \$435,035. This increase is not significant to any one area of expenditures. Actual expenditures, including encumbrances were under budget by \$114,183. This was the result of conservative spending by the School District.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the School District had \$16,194,776 invested in capital assets (net of accumulated depreciation) for governmental activities, an increase of \$9,877,557 mainly due to current year additions exceeding depreciation expense. For further information regarding the School District's capital assets, refer to Note 9 to the basic financial statements.

Table 5
Capital Assets, at Fiscal Year End
(Net of Depreciation)

	Governmental Activities	
	2021	2020
Land	\$ 416,997	\$ 416,997
Construction in progress	11,065,147	1,038,743
Land improvements	458,728	527,672
Buildings and building improvements	3,624,132	3,719,055
Furniture, fixtures and equipment	170,126	161,019
Vehicles	402,550	394,685
Infrastructure	57,096	59,048
Total capital assets	\$ 16,194,776	\$ 6,317,219

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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Debt

At June 30, 2021, the School District had \$34,421,037 in school facilities construction and improvement bonds and capital leases outstanding with \$484,863 due within one year. Table 6 summarizes the bonds and capital leases outstanding:

Table 6
Outstanding Debt, at Fiscal Year End
Governmental Activities

	2021	2020
2019 School facilities construction		
and improvement serial and term bonds	\$ 33,015,000	\$ 33,440,000
Premium	1,361,305	1,425,489
Capital leases	44,732	53,808
Total outstanding	\$ 34,421,037	\$ 34,919,297

In addition to the school facilities construction and improvement bonds and capital leases, the School District's long-term obligations include compensated absences, the net pension liability and the OPEB benefit liability. For further information regarding the School District's long-term obligations, refer to Notes 13 and 14 to the basic financial statements.

School District Outlook

The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. The financial future of the School District is not without its challenges. These challenges stem from issues that are at the local and State level. The local challenges will continue to exist, as the School District must rely heavily on property taxes to fund its operations. State level challenges continue to evolve as the State of Ohio determines the outcome of the Ohio Supreme Court case dealing with the unconstitutionality of the State's educational funding system. Although the School District relies heavily on its property taxpayers to support its operations, the community support for the schools is quite strong.

Due to the unsettled issues in the school funding, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years. Beginning in 2022, a new formula is being used to determine funding from the State, however it is uncertain as to whether it will have a positive or negative impact on the School District's cash position.

In conclusion, the School District's system of budgeting and internal controls is well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

Pleasant Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to James Corbeil, Treasurer, Pleasant Local School District, 1107 Owens Road West, Marion, Ohio 43302.

Pleasant Local School District

Statement of Net Position

June 30, 2021

	Governmental Activities
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 31,125,072
Inventory held for resale	19,740
Receivables:	
Accounts	28,706
Intergovernmental	206,433
Accrued interest	38,001
Property taxes	5,829,466
Income taxes	808,549
Prepaid items	140,583
Net OPEB asset	815,930
Capital assets:	
Nondepreciable capital assets	11,482,144
Depreciable capital assets	12,033,015
Accumulated depreciation	(7,320,383)
Total net capital assets	<u>16,194,776</u>
Total assets	<u>55,207,256</u>
<u>Deferred outflows of resources:</u>	
Pension	2,548,641
OPEB	397,533
Total deferred outflows of resources	<u>2,946,174</u>
<u>Liabilities:</u>	
Accounts payable	1,993,007
Accrued wages and benefits	823,408
Intergovernmental payable	185,019
Undistributed monies	3,762
Accrued interest payable	296,086
Long-term liabilities:	
Due within one year	607,154
Due in more than one year:	
Net pension liability	14,081,238
Net OPEB liability	973,829
Other amounts due in more than one year	34,347,272
Total liabilities	<u>53,310,775</u>
<u>Deferred inflows of resources:</u>	
Property taxes	3,109,413
Pension	363,889
OPEB	1,590,609
Total deferred inflows of resources	<u>5,063,911</u>
<u>Net Position:</u>	
Net investment in capital assets	5,875,268
Restricted for:	
Capital outlay	348,425
Debt service	1,379,842
Other purposes	452,215
Unrestricted	<u>(8,277,006)</u>
Total net position	<u>\$ (221,256)</u>

See accompanying notes to the basic financial statements.

Pleasant Local School District
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants, Contributions and Interest	Revenue and Changes in Net Position
				Governmental Activities
<u>Governmental Activities:</u>				
Instruction:				
Regular	\$8,669,647	\$ 2,475,079	\$ 826,105	\$ (5,368,463)
Special	1,637,967	197,673	362,558	(1,077,736)
Vocational	49,510	-	-	(49,510)
Other	70,007	-	83,051	13,044
Support services:				
Pupils	711,588	11,630	618,731	(81,227)
Instructional staff	572,109	-	309,393	(262,716)
Board of education	77,573	-	-	(77,573)
Administration	1,124,643	-	100,461	(1,024,182)
Fiscal	431,601	-	-	(431,601)
Operation and maintenance of plant	1,084,846	-	76,334	(1,008,512)
Pupil transportation	394,894	-	43,393	(351,501)
Central	81,109	-	-	(81,109)
Operation of non-instructional services	526,354	62,929	434,276	(29,149)
Extracurricular activities	441,863	113,599	25,297	(302,967)
Interest and fiscal charges	1,126,632	-	-	(1,126,632)
Total primary government	<u>\$ 17,000,343</u>	<u>\$ 2,860,910</u>	<u>\$ 2,879,599</u>	<u>(11,259,834)</u>
<u>General Revenues:</u>				
Property taxes levied for:				
General purposes				4,445,250
Debt service				2,049,598
Capital outlay				101,123
Income Taxes Levied for:				
General Purposes				1,720,664
Grants and entitlements not restricted to specific programs				4,865,101
Investment earnings				69,631
Miscellaneous				162,168
Total general revenues				<u>13,413,535</u>
Special item - Proceeds from sponsored community school				809,966
Total General Revenues and Special Item				<u>14,223,501</u>
Change in net position				2,963,667
Net position beginning of year, as restated				<u>(3,184,923)</u>
Net position end of year				<u>\$ (221,256)</u>

See accompanying notes to the basic financial statements.

Pleasant Local School District

Balance Sheet
Governmental Funds
June 30, 2021

	General	Debt Service	Building	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>						
Equity in pooled cash and cash equivalents	\$ 3,908,885	\$ 889,610	\$ 9,928,968	\$ 15,578,881	\$ 818,728	\$ 31,125,072
Inventory held for resale	-	-	-	-	19,740	19,740
Receivables:						
Accounts	28,706	-	-	-	-	28,706
Intergovernmental	-	-	-	-	206,433	206,433
Accrued interest	2,741	-	6,573	28,687	-	38,001
Interfund	54,961	-	-	-	-	54,961
Property taxes	4,008,553	1,735,303	-	-	85,610	5,829,466
Income taxes	808,549	-	-	-	-	808,549
Prepaid items	126,810	-	-	-	13,773	140,583
Total assets	<u>\$ 8,939,205</u>	<u>\$ 2,624,913</u>	<u>\$ 9,935,541</u>	<u>\$ 15,607,568</u>	<u>\$ 1,144,284</u>	<u>\$ 38,251,511</u>
<u>Liabilities, deferred inflows of resources and fund balances:</u>						
<u>Liabilities:</u>						
Accounts payable	\$ 341,008	\$ -	\$ 1,463	\$ 1,440,117	\$ 210,419	\$ 1,993,007
Accrued wages and benefits	747,896	-	-	-	75,512	823,408
Interfund payable	-	-	-	-	54,961	54,961
Intergovernmental payable	153,213	-	-	-	31,806	185,019
Undistributed monies	3,762	-	-	-	-	3,762
Total liabilities	<u>1,245,879</u>	<u>-</u>	<u>1,463</u>	<u>1,440,117</u>	<u>372,698</u>	<u>3,060,157</u>
<u>Deferred inflows of resources:</u>						
Property taxes	2,113,661	948,985	-	-	46,767	3,109,413
Unavailable revenue - delinquent property taxes	155,901	71,869	-	-	3,522	231,292
Unavailable revenue - other	135,484	-	-	-	141,500	276,984
Total deferred inflows of resources	<u>2,405,046</u>	<u>1,020,854</u>	<u>-</u>	<u>-</u>	<u>191,789</u>	<u>3,617,689</u>
<u>Fund balances:</u>						
Nonspendable:						
Prepays	126,810	-	-	-	13,773	140,583
Restricted for:						
Food service	-	-	-	-	188,054	188,054
Various student activities	-	-	-	-	82,825	82,825
Student wellness	-	-	-	-	129,528	129,528
Scholarships	-	-	-	-	14,006	14,006
Emergency relief	-	-	-	-	5,937	5,937
Capital improvements	-	-	9,934,078	14,167,451	344,903	24,446,432
Special education	-	-	-	-	2,992	2,992
Debt service	-	1,604,059	-	-	-	1,604,059
Committed to:						
Underground storage tanks	11,000	-	-	-	-	11,000
Termination benefits	31,735	-	-	-	-	31,735
Assigned to:						
Encumbrances	588,731	-	-	-	-	588,731
Unassigned	4,530,004	-	-	-	(202,221)	4,327,783
Total fund balances	<u>5,288,280</u>	<u>1,604,059</u>	<u>9,934,078</u>	<u>14,167,451</u>	<u>579,797</u>	<u>31,573,665</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 8,939,205</u>	<u>\$ 2,624,913</u>	<u>\$ 9,935,541</u>	<u>\$ 15,607,568</u>	<u>\$ 1,144,284</u>	<u>\$ 38,251,511</u>

See accompanying notes to the basic financial statements.

Pleasant Local School District
 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2021

Total governmental fund balances		\$ 31,573,665
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		16,194,776
Other long-term assets that are not available to pay for current-period expenditures and therefore are unavailable in the funds:		
Property taxes	\$ 231,292	
Income taxes	135,484	
Intergovernmental	<u>141,500</u>	
		508,276
The net pension liability and net OPEB liability or asset are not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds:		
Deferred outflows - pension	\$ 2,548,641	
Deferred inflows - pension	(363,889)	
Net pension liability	(14,081,238)	
Deferred outflows - OPEB	397,533	
Deferred inflows - OPEB	(1,590,609)	
Net OPEB asset	815,930	
Net OPEB liability	<u>(973,829)</u>	
		(13,247,461)
Long-term liabilities, including bonds payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (33,015,000)	
Unamortized bond premium	(1,361,305)	
Compensated absences	(533,389)	
Capital leases	(44,732)	
Accrued interest payable	<u>(296,086)</u>	
Total		<u>(35,250,512)</u>
Net position of governmental activities		<u><u>\$ (221,256)</u></u>
See accompanying notes to the basic financial statements.		

Pleasant Local School District
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Debt Service	Building	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>						
Property taxes	\$ 4,481,732	\$ 2,056,910	\$ -	\$ -	\$ 101,485	\$ 6,640,127
Income taxes	1,692,103	-	-	-	-	1,692,103
Intergovernmental	4,898,482	65,317	-	-	2,686,281	7,650,080
Interest	5,603	-	37,759	26,269	-	69,631
Tuition and fees	2,647,815	-	-	-	-	2,647,815
Extracurricular activities	42,252	-	-	-	96,194	138,446
Gifts and donations	6	-	-	-	25,297	25,303
Charges for services	33,721	-	-	-	29,208	62,929
Miscellaneous	162,252	-	-	-	11,630	173,882
Total revenues	<u>13,963,966</u>	<u>2,122,227</u>	<u>37,759</u>	<u>26,269</u>	<u>2,950,095</u>	<u>19,100,316</u>
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	7,621,524	-	-	-	809,430	8,430,954
Special	1,313,985	-	-	-	279,983	1,593,968
Vocational	47,034	-	-	-	-	47,034
Other	3	-	-	-	69,087	69,090
Support services:						
Pupils	167,308	-	-	-	513,615	680,923
Instructional staff	259,479	-	-	-	293,963	553,442
Board of education	77,291	-	-	-	267	77,558
Administration	986,687	-	-	-	95,568	1,082,255
Fiscal	382,195	42,922	-	-	2,114	427,231
Operation and maintenance of plant	886,072	-	-	-	52,129	938,201
Pupil transportation	293,534	-	-	-	18,991	312,525
Central	80,298	-	-	-	-	80,298
Operation of non-instructional services	31,217	-	-	-	485,118	516,335
Extracurricular activities	239,188	-	-	-	156,270	395,458
Capital outlay	362,189	-	85,108	9,599,317	155,825	10,202,439
Debt service:						
Principal retirement	61,641	425,000	-	-	-	486,641
Interest and fiscal charges	4,187	1,188,913	-	-	-	1,193,100
Total expenditures	<u>12,813,832</u>	<u>1,656,835</u>	<u>85,108</u>	<u>9,599,317</u>	<u>2,932,360</u>	<u>27,087,452</u>
Excess of revenues over (under) expenditures	<u>1,150,134</u>	<u>465,392</u>	<u>(47,349)</u>	<u>(9,573,048)</u>	<u>17,735</u>	<u>(7,987,136)</u>
<u>Other financing sources (uses):</u>						
Inception of capital lease	52,565	-	-	-	-	52,565
<u>Special item:</u>						
Proceeds from sponsored community school	809,966	-	-	-	-	809,966
Net change in fund balances	2,012,665	465,392	(47,349)	(9,573,048)	17,735	(7,124,605)
Fund balances at beginning of year, as restated	3,275,615	1,138,667	9,981,427	23,740,499	562,062	38,698,270
Fund balances at end of year	<u>\$ 5,288,280</u>	<u>\$ 1,604,059</u>	<u>\$ 9,934,078</u>	<u>\$ 14,167,451</u>	<u>\$ 579,797</u>	<u>\$ 31,573,665</u>

See accompanying notes to the basic financial statements.

Pleasant Local School District
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2021

Net change in fund balances - total governmental funds		\$ (7,124,605)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:</p>		
Capital asset additions	\$ 10,202,439	
Depreciation expense	<u>(324,882)</u>	
Excess of capital asset additions over depreciation expense		9,877,557
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These activities consist of:</p>		
Property taxes	\$ (44,156)	
Income taxes	28,561	
Intergovernmental	<u>69,323</u>	
Net change in deferred inflows of resources during the year		53,728
<p>Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows.</p>		
Pension		1,004,809
OPEB		27,780
<p>Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability and OPEB asset are reported as pension/OPEB expense in the statement of activities.</p>		
Pension		(1,559,064)
OPEB		67,265
<p>Repayment of bonds and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		486,641
<p>Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statements of net position, the lease obligation is reported as a liability.</p>		
<p>capital lease transactions:</p>		
Inception of a capital lease		(52,565)
<p>Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:</p>		
Decrease in compensated absences	\$ 115,653	
Decrease in accrued interest payable	2,284	
Amortization of premium	<u>64,184</u>	
Total additional expenditures		<u>182,121</u>
Change in net position of governmental activities		<u><u>\$ 2,963,667</u></u>

See accompanying notes to the basic financial statements.

Pleasant Local School District
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP) Basis and Actual - General Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Property taxes	\$ 4,578,521	\$ 4,578,521	\$ 4,578,521	\$ -
Income taxes	1,295,384	1,295,384	1,295,384	-
Intergovernmental	4,784,021	4,898,613	4,898,482	(131)
Interest	50,000	20,000	22,256	2,256
Tuition and fees	2,541,410	2,635,134	2,634,754	(380)
Extracurricular activities	17,569	17,569	17,405	(164)
Gifts and donations	1,000	1,000	6	(994)
Charges for services	28,778	33,728	33,721	(7)
Miscellaneous	51,906	153,006	158,312	5,306
Total revenues	13,348,589	13,632,955	13,638,841	5,886
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	7,482,026	7,482,025	7,467,779	14,246
Special	1,333,166	1,333,166	1,328,361	4,805
Vocational	48,884	48,884	46,828	2,056
Other	162	3	3	-
Support services:				
Pupils	184,843	184,843	182,445	2,398
Instructional staff	336,661	336,661	323,311	13,350
Board of education	111,198	111,198	102,223	8,975
Administration	1,005,235	1,005,235	1,001,278	3,957
Fiscal	397,585	397,585	390,691	6,894
Operation and maintenance of plant	988,009	988,009	953,086	34,923
Pupil transportation	438,766	438,766	421,287	17,479
Central	28,403	80,434	80,402	32
Operation of non-instructional services:				
Shared services	11,683	33,471	33,278	193
Extracurricular activities	107,805	270,579	265,704	4,875
Capital outlay	303,998	360,000	360,000	-
Total expenditures	12,778,424	13,070,859	12,956,676	114,183
Excess of revenues over expenditures	570,165	562,096	682,165	120,069
<u>Other financing sources (uses):</u>				
Refund of prior year expenditures	42,147	815,626	815,626	-
Insurance recoveries	-	5,350	5,350	-
Advances in	5,000	-	-	-
Transfers out	(27,400)	(170,000)	(170,000)	-
Total other financing sources (uses)	19,747	650,976	650,976	-
Net change in fund balance	589,912	1,213,072	1,333,141	120,069
Fund balance at beginning of year	1,702,186	1,702,186	1,702,186	-
Prior year encumbrances appropriated	199,146	199,146	199,146	-
Fund balance at end of year	\$ 2,491,244	\$ 3,114,404	\$ 3,234,473	\$ 120,069

See accompanying notes to the basic financial statements.

Pleasant Local School District
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2021

	Scholarships
<u>Additions:</u>	
Interest	\$ 498
 <u>Deductions:</u>	
Payments in accordance with trust agreements	68,237
Change in net position	(67,739)
Net position beginning of year	67,739
Net position end of year	\$ -

See accompanying notes to the basic financial statements.

Pleasant Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 1 - Description of the School District and Reporting Entity

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

The School District was established in 1916. The School District serves an area of approximately thirty-six square miles. It is located in Marion County and includes all of Pleasant Township, portions of Marion and Richland Townships, and a portion of the City of Marion. It is staffed by 62 classified employees, 90 certified teaching personnel, and 6 administrative employees who provide services to 1,267 students and other community members. The School District currently operates three instructional buildings.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization, or the School District is obligated for the debt of the organization.

Component units may also include organizations that are fiscally dependent of the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. Based on the above description, there are no component units within the School District.

The School District participates in four jointly governed organizations. These organizations are META Solutions; Tri-Rivers Joint Vocational School; North Central Ohio Special Education Regional Resource Center; and Northwestern Ohio Educational Research Council, Inc. These organizations are presented in Note 17 to the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

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

Pleasant Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School 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 and grants, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School 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 School 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.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are divided into two categories, governmental and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the School District 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 liabilities is reported as fund balance. The School District's major funds are the general fund, building and classroom facilities capital projects funds and debt service fund.

Pleasant Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

Debt Service Fund - The debt service fund accounts for the accumulation of resources for, and payment of, general long-term debt principal, interest and related costs.

Building Fund – This capital projects fund is used to account for the receipts and expenditures related to all special bond funds in the district. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

Classroom Facilities Fund - This capital project fund is provided to account for monies received and expended in connection with contracts entered into by the school district and the Ohio Facilities Construction Commission for the building and equipping of classroom facilities.

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District's only fiduciary fund is a private purpose trust fund that accounts for programs that provide college scholarships to students after graduation.

C. Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities and deferred inflows of resources are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflects 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 fund financial statements for governmental funds.

The private purpose trust fund is accounted for using a flow of economic resources measurement focus.

Pleasant Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the fiscal year in which the income is earned. 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year-end: property taxes available as an advance, grants, income taxes, interest, tuition, student fees, and charges for services.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report 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 that time. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and other postemployment benefits (OPEB). The deferred outflows of resources related to pension and OPEB are explained in Notes 10 and 11.

Pleasant Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

In addition to liabilities, the statement of financial position may report 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 as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources consists of property taxes, and unavailable revenue. Property taxes represent amounts for which there was 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 deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes intergovernmental revenue including grants, delinquent property taxes, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of operation of non-instructional services. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the “Operating Grants, Contributions and Interest” program revenue account.

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, except for (1) principal and interest on general long-term debt, which is recorded when due, and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities upon the occurrence of employee resignations and retirements. Allocation of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The legal level of budgetary control selected by the Board is the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the Treasurer.

The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The amounts reported as the original budgeted revenue in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted revenue amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2021. The amounts reported as the original budgeted expenditure 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 expenditure amounts represent the final appropriation amounts passed by the Board during the year.

Pleasant Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

F. Cash and Investments

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents". During the fiscal year, investments were limited to an interest in STAR Ohio, the State Treasurer's Investment Pool, U.S. Treasury securities, instruments of government sponsored mortgage-backed securities, negotiable certificates of deposit, commercial paper and money market mutual funds.

The School District's investment in the State Treasury Asset Reserve of Ohio (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 and is recognized as an external investment pool by the School District. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For the fiscal year 2021, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice is appreciated 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.

For presentation on the basic financial statements, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

Cash not required to meet the immediate financial obligations of the district is invested in an investment pool operated under the auspices of the Treasurer of the State of Ohio as provided for by Ohio law so that the district can maximize its investment earnings. Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds or federal grants, unless the Board specifically allows the interest to be recorded in other funds.

G. Inventory

On the governmental-wide financial statements, inventories are presented at cost on a first-in, first-out basis and are expensed when used. Inventories of the general fund were not significant at the end of the year. Inventories of the food service special revenue fund consist of donated food, purchased food and supplies held for resale.

H. Capital Assets

All of the School District's capital assets are general capital assets generally resulting from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements.

Pleasant Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their acquisition value on the date donated. The School District maintains a capitalization threshold of five thousand dollars. Improvements are capitalized, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All 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:

<u>Asset description</u>	<u>Estimated lives</u>
Land improvements	10 - 20 years
Buildings and improvements	10 - 50 years
Furniture, fixtures and equipment	5 - 20 years
Vehicles	10 - 15 years
Infrastructure	50 years

I. Interfund Assets/Liabilities

On fund financial statements, receivables and payables resulting from interfund services provided are classified as "Interfund Receivables/Payables". Interfund balances within governmental activities are eliminated on the statement of net position.

J. Pension and other postemployment benefits (OPEB)

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

The current accounting standard requires school districts to report their proportionate share of the net pension/OPEB liability or asset using the earning approach to pension and OPEB accounting instead of the funding approach as previously used. The funding approach limited pension and postemployment costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability. Under the new standards, the net pension/OPEB liability or asset equals the School District's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

Pension and OPEB obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. The unfunded portion of this benefit of exchange is a liability of the School District. However, the School District is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the pension and OPEB plans.

Pleasant Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

There is no repayment schedule for the net pension liability or the net OPEB liability. The School District has no control over the changes in the benefits, contribution rates, and return on investments affecting the balance of the liabilities. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension liability and the OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

K. 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 School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Net Position

Net position represents the difference between all other elements on the statement of net 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 its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for federal and state grants.

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

N. Fund Balance

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

Pleasant Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

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

Committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously 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 classification includes amounts intended to be used by the School 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 School 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 School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

O. Interfund Transactions

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

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Pleasant Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

P. Estimates

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. For 2021, the School District reported a special item related to the closing of a sponsored community school.

Note 3 - Budgetary Basis of Accounting

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

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
4. Encumbrances are treated as expenditures (budget basis) rather than assigned fund balance (GAAP basis).
5. The revenues, expenditures and other financing sources and uses of the general fund include activity that is budgeted within special revenue funds (GAAP basis). However, on the budgetary basis, the activity of the special revenue funds is excluded resulting in perspective differences.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Pleasant Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Net Change in Fund Balance

	<u>General</u>
GAAP basis	\$ 2,012,665
Revenue accruals	(343,833)
Prior year adjustment to fair market value of investments	26,543
Current year adjustments to fair market value of investments	(11,392)
Expenditure accruals	266,946
Budgeted as part of special revenue funds:	
Revenues	(37,998)
Expenditures	194,121
Transfers	(170,000)
Encumbrances (Budget Basis) outstanding at year end	<u>(603,911)</u>
Budget basis	<u>\$ 1,333,141</u>

Note 4 - Deposits and Investments

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies 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 within five years from the date of deposit or by savings or deposit accounts including pass book accounts.

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

Pleasant Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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% (5% for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed two hundred seventy days; and
8. Bankers acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days.

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

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

A. Cash on Hand

At fiscal year-end, the School District had \$175 in undeposited cash on hand in various Board-approved change and petty cash accounts which is included as part of "equity in pooled cash and cash equivalents".

B. Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. According to state law, public depositories must provide security for the repayment of all public deposits. These institutions shall give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC). The security for these deposits will be made under an agreement using a surety bond and/or by means of pledging allowable securities as collateral to be held by a qualified trustee. The pledged collateral can be held for each public depositor and must have a market value of at least 105% of the total value of public monies on deposit at the institution. In addition, the financial institution can participate in a pooled collateral arrangement with the Ohio Pooled Collateral System (OPCS). If the institution participates in the OPCS, the total market value of the securities pledged can be 102% or lower if permitted by the Treasurer of State.

As of June 30, the carrying amount of the School District's deposits was \$385,277. The School District's bank balance of \$451,296 was not exposed to custodial credit risk.

Pleasant Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

C. Investments

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

<u>Investment type</u>	<u>Fair Value</u>	<u>Percentage of Investments</u>	<u>< 1 year</u>	<u>Maturity 1 - 2 years</u>	<u>> 2 years</u>	<u>S&P Rating</u>
Government sponsored enterprise securities:						
FNMA	\$ 99,990	0.33%	\$ -	\$ 99,990	\$ -	AA+
FHLMC	1,192,361	3.88%	-	715,134	477,227	AA+
FHLB	99,589	0.32%	-	-	99,589	AA+
FFCB	2,996,777	9.75%	1,400,915	1,521,147	74,715	AA+
Other investments:						
US Treasury securities	2,772,745	9.02%	974,995	1,797,750	-	AA+
Various negotiable CDs	6,720,086	21.86%	5,714,042	925,009	81,035	Not rated
Various commercial paper	13,218,553	43.00%	12,419,808	798,745	-	A-1 to A-1+
Money market mutual fund	12,590	0.04%	12,590	-	-	AAAm
Star Ohio	3,626,929	11.80%	3,626,929	-	-	AAAm
Total investments	\$ 30,739,620		\$ 24,149,279	\$ 5,857,775	\$ 732,566	

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. As previously discussed Star Ohio is reported at its net asset value.

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investments in FNMA, FHLMC, FHLB, FFCB and commercial paper are held by the counterparty's trust department or agent and not in the School District's name. All of the School District's negotiable certificates of deposit are registered securities and covered in full by FDIC insurance. The School 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.

Interest rate risk is the possibility that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's has assigned STAR Ohio and the First American Government Obligation (money market mutual fund) an AAAm rating, the FHLMC, FHLB, FFCB and FNMA bonds an AA+ rating, the U.S. Treasury notes have a A-1+, and their commercial paper at least an A-1 rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The School District's investment policy requires certain credit ratings for some investments as allowed by state law.

Pleasant Local School District
Notes to the Basic Financial Statements
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Concentration of credit risk is the possibility of loss attributed to the magnitude of the School District's investment in a single issuer. More than 5% of the School District's investments are in FFCB. These investments are presented in the table above. The investment in STAR Ohio is a pooled investment and not of a single issuer. The investments in commercial paper and negotiable CD's are all individually below 5% of total investments. The School District's policy does not specify stricter limits than allowed by law.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$5,603, which includes \$1,704 assigned from other School District funds.

Note 5 - Property Taxes

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

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

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

The School District receives property taxes from Marion County. The County Auditor periodically advances to the School 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 current fiscal year operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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Accrued property taxes receivable represents real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2021 and for which there was 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 reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset to deferred inflows of resources-property taxes. The amount available as an advance at June 30, 2021, was \$1,738,991 in the general fund, \$714,449 in the debt service fund and \$35,321 in the permanent improvement fund. On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis, the revenue has been reported as deferred inflows of resources-unavailable revenue.

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

<u>Property Category</u>	<u>2020 Assessed Value</u>	<u>2019 Assessed Value</u>
<u>Real Property</u>		
Residential and agricultural	\$ 178,365,550	\$ 176,979,020
Commercial, industrial and minerals	22,602,710	22,374,730
<u>Tangible Personal Property</u>		
Public utilities	<u>18,545,010</u>	<u>15,729,160</u>
Total	<u>\$ 219,513,270</u>	<u>\$ 215,082,910</u>

Note 6 - Receivables

Receivables at year-end consisted of taxes, accounts, interest, interfund, 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 intergovernmental receivables follows:

<u>Governmental activities</u>	<u>Amount</u>
Special revenue funds:	
Miscellaneous State Grants	\$ 1,250
21st Century Grant	18,965
Coronavirus Relief	2,119
IDEA, Part B special education	39,900
Title I	130,335
Title II-A	<u>13,864</u>
Total intergovernmental receivable	<u>\$ 206,433</u>

Pleasant Local School District
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Note 7 – Income Taxes

The School District levies a voted tax of one percent for general operations on the earned income of residents and of estates. A one percent earned income tax was passed in 2019 for calendar years 2020 through 2029 with the option to renew. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

Note 8 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

For fiscal year 2021, the School District participated in the CompManagement Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The third party administrator, CompManagement, Inc., reviews each participants' claims experience and determines the rating tier for that participant. A common premium rate is applied to all participants in a given rating tier. Each participant pays its workers' compensation premium to the State based on the rate for their rating tier rather than its individual rate. CompManagement, Inc. provides administrative, cost control, and actuarial services to the Plan.

The School District participates in the Stark County Schools Council of Governments Health Benefit Plan (Plan), a public entity shared risk pool. The School District pays monthly premiums to the Plan for employee medical, dental, vision, and life insurance benefits. The Plan is responsible for the management and operations of the program. Upon withdrawal from the Plan, the participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of the withdrawal.

Pleasant Local School District
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Note 9 - Capital Assets

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

<u>Governmental Activities</u>	<u>Balance July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2021</u>
Capital assets, not being depreciated:				
Land	\$ 416,997	\$ -	\$ -	\$ 416,997
Construction in progress	<u>1,038,743</u>	<u>10,026,404</u>	<u>-</u>	<u>11,065,147</u>
Total capital assets, not being depreciated	<u>1,455,740</u>	<u>10,026,404</u>	<u>-</u>	<u>11,482,144</u>
Capital assets, being depreciated:				
Land improvements	2,780,578	2,027	-	2,782,605
Buildings and improvements	6,455,418	23,448	-	6,478,866
Furniture, fixtures and equipment	1,300,777	59,908	(10,883)	1,349,802
Vehicles	1,233,490	90,652	-	1,324,142
Infrastructure	<u>97,600</u>	<u>-</u>	<u>-</u>	<u>97,600</u>
Total capital assets, being depreciated	<u>11,867,863</u>	<u>176,035</u>	<u>(10,883)</u>	<u>12,033,015</u>
Less: Accumulated depreciation				
Land improvements	(2,252,906)	(70,971)	-	(2,323,877)
Buildings and improvements	(2,736,363)	(118,371)	-	(2,854,734)
Furniture, fixtures and equipment	(1,139,758)	(50,801)	10,883	(1,179,676)
Vehicles	(838,805)	(82,787)	-	(921,592)
Infrastructure	<u>(38,552)</u>	<u>(1,952)</u>	<u>-</u>	<u>(40,504)</u>
Total accumulated depreciation	<u>(7,006,384)</u>	<u>(324,882)</u>	<u>10,883</u>	<u>(7,320,383)</u>
Total capital assets being depreciated, net	<u>4,861,479</u>	<u>(148,847)</u>	<u>-</u>	<u>4,712,632</u>
Governmental activities capital assets, net	<u>\$ 6,317,219</u>	<u>\$ 9,877,557</u>	<u>\$ -</u>	<u>\$ 16,194,776</u>

Pleasant Local School District
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Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 50,896
Special	392
Vocational	156
Support services:	
Pupils	234
Instructional staff	11,854
Administration	302
Fiscal	237
Operation and maintenance of plant	140,630
Pupil transportation	77,492
Operation of non-instructional services	9,509
Extracurricular activities	33,180
Total depreciation	<u>\$ 324,882</u>

Note 10 – Defined Benefit Pension Plans

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions are provided to an employee on a deferred-payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

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

A. School Employees Retirement System

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, 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 <u>August 1, 2017</u> *	Eligible to Retire after <u>August 1, 2017</u>
Full benefits	Age 65 with 5 years of service 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 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

Pleasant Local School District
Notes to the Basic Financial Statements
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The School District's contractually required contribution to SERS was \$208,867 for fiscal year 2021. Of this amount \$9,623 is reported as an intergovernmental payable.

B. State Teachers Retirement System

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 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 their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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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 the fiscal year ended June 30, 2021, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The School District’s contractually required contribution to STRS was \$795,942 for fiscal year 2021. Of this amount \$106,964 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 School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability - prior measurement date	0.0470701%	0.0455447%	
Proportion of the net pension liability - current measurement date	<u>0.0430571%</u>	<u>0.0464256%</u>	
Change in proportionate share	<u>-0.0040130%</u>	<u>0.0008810%</u>	
Proportionate share of the net pension liability	\$ 2,847,887	\$ 11,233,351	\$ 14,081,238
Pension expense	\$ 286,055	\$ 1,273,009	\$ 1,559,064

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

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 5,532	\$ 25,205	\$ 30,737
Changes of assumptions	-	603,014	603,014
Net difference between projected and actual earnings on pension plan investments	180,783	546,279	727,062
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	1,098	181,921	183,019
School District contributions subsequent to the measurement date	<u>208,867</u>	<u>795,942</u>	<u>1,004,809</u>
Total deferred outflows of resources	<u>\$ 396,280</u>	<u>\$ 2,152,361</u>	<u>\$ 2,548,641</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 71,830	\$ 71,830
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>145,555</u>	<u>146,504</u>	<u>292,059</u>
Total deferred inflows of resources	<u>\$ 145,555</u>	<u>\$ 218,334</u>	<u>\$ 363,889</u>

\$1,004,809 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	\$ (90,639)	\$ 272,341	\$ 181,702
2023	542	226,182	226,724
2024	75,354	355,345	430,699
2025	<u>56,601</u>	<u>284,217</u>	<u>340,818</u>
Total	<u>\$ 41,858</u>	<u>\$ 1,138,085</u>	<u>\$ 1,179,943</u>

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.

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

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

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

Wage inflation	3 percent
Future salary increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent
Investment rate of return	7.5 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal

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 averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major 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	<u>5.00</u>	6.65
Total	<u>100.00</u> %	

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

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

	1% Decrease <u>(6.50%)</u>	Current discount rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
School District's proportionate share of the net pension liability	\$ 3,901,258	\$2,847,887	\$1,964,089

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Projected salary increases	2.5 percent at age 65 to 12.5 percent at age 20
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Discount rate of return	7.45 percent
Payroll increases	3 percent
Cost of living adjustments (COLA)	0 percent, effective July 1, 2017

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

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<u>Asset class</u>	<u>Target allocation **</u>	<u>Long term expected real rate of return*</u>
Domestic equity	28.00 %	7.35 %
International equity	23.00	7.55
Alternatives	17.00	7.09
Fixed income	21.00	3.00
Real estate	10.00	6.00
Liquidity reserves	<u>1.00</u>	2.25
Total	<u>100.00 %</u>	

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

**Target weights will be phased in over a 24 month Period concluding on July 1, 2019.

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

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

	1% Decrease <u>(6.45%)</u>	Current discount rate <u>(7.45%)</u>	1% Increase <u>(8.45%)</u>
School District's proportionate share of the net pension liability	\$ 15,994,336	\$11,233,351	\$7,198,812

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2021, several members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages.

Note 11 - Postemployment Benefits

Net OPEB Liability or Asset

The net OPEB liability or asset reported on the statement of net position represents a liability or asset to employees for OPEB. OPEB is a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. OPEB are provided to an employee on a deferred payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

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

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A. School Employees Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and 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 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 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, prorated 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 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$27,780.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$27,780 for fiscal year 2021. Of this amount \$27,780 is reported as an intergovernmental payable.

B. State Teachers Retirement System

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

Pleasant Local School District
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Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liability or Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability - prior measurement date	0.047824%	0.0455447%	
Proportion of the net OPEB liability - current measurement date	<u>0.044808%</u>	<u>0.0464256%</u>	
Change in proportionate share	<u>-0.003016%</u>	<u>0.000881%</u>	
Proportionate share of the net OPEB liability (asset)	\$ 973,829	\$ (815,930)	\$ 157,899
OPEB expense	\$ (766)	\$ (66,499)	\$ (67,265)

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

Pleasant Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 12,790	\$ 52,281	\$ 65,071
Changes of assumptions	166,004	13,469	179,473
Net difference between projected and actual earnings on OPEB plan investments	10,973	28,595	39,568
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	81,035	4,606	85,641
School District contributions subsequent to the measurement date	<u>27,780</u>	<u>-</u>	<u>27,780</u>
Total deferred outflows of resources	<u>\$ 298,582</u>	<u>\$ 98,951</u>	<u>\$ 397,533</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 495,260	\$ 162,521	\$ 657,781
Changes of assumptions	24,528	774,996	799,524
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>76,085</u>	<u>57,219</u>	<u>133,304</u>
Total deferred inflows of resources	<u>\$ 595,873</u>	<u>\$ 994,736</u>	<u>\$ 1,590,609</u>

\$27,780 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal			
<u>Year</u>	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	\$ (57,557)	\$ (228,682)	\$ (286,239)
2023	(56,763)	(209,326)	(266,089)
2024	(56,892)	(202,532)	(259,424)
2025	(67,277)	(179,266)	(246,543)
2026	(62,015)	(36,754)	(98,769)
2027	<u>(24,567)</u>	<u>(39,225)</u>	<u>(63,792)</u>
Total	<u>\$ (325,071)</u>	<u>\$ (895,785)</u>	<u>\$ (1,220,856)</u>

Actuarial Assumptions - SERS

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

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

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

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

Wage inflation	3 percent
Future salary increases, including inflation	3.5 percent to 18.2 percent
Investment rate of return	7.5 percent net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	2.45 percent
Prior measurement date	3.13 percent
Single equivalent interest rate, net of plan investment expense, including price inflation	
Measurement date	2.63 percent
Prior measurement date	3.22 percent
Medical trend assumption	
Pre-Medicare	7.00 to 4.75 percent
Medicare	5.25 to 4.75 percent

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

Pleasant Local School District
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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 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability at June 30, 2019, was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent 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 percent, 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. 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 School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) 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.

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	1% Decrease <u>(1.63%)</u>	Current discount rate <u>(2.63%)</u>	1% Increase <u>(3.63%)</u>
School District's proportionate share of the net OPEB liability	\$ 1,191,942	\$973,829	\$800,429
	1% Decrease (6.00% decreasing <u>to 3.75%</u>)	Current trend rate (7.00% decreasing <u>to 4.75%</u>)	1% Increase (8.00% decreasing <u>to 5.75%</u>)
School District's proportionate share of the net OPEB liability	\$ 766,816	\$973,829	\$1,250,658

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Payroll increases	3 percent
Discount rate of return	7.45 percent
Health care cost trends:	
Medical	
Pre-Medicare	5.00 percent initial, 4.00 percent ultimate
Medicare	(6.69) percent initial, 4.00 percent ultimate
Prescription drug	
Pre-Medicare	6.50 percent initial, 4.00 percent ultimate
Medicare	11.87 percent initial, 4.00 percent ultimate

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

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

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

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Since the prior measurement date, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent 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 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was 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 percent was used to measure the total OPEB liability 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 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease <u>(6.45%)</u>	Current discount rate <u>(7.45%)</u>	1% Increase <u>(8.45%)</u>
School District's proportionate share of the net OPEB asset	\$ (709,912)	(\$815,930)	(\$905,882)
	1% Decrease <u></u>	Current trend rate <u></u>	1% Increase <u></u>
School District's proportionate share of the net OPEB asset	\$ (900,298)	(\$815,930)	(\$713,156)

Note 12 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits is derived from negotiated agreements and State laws. Classified and administrative 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 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 two hundred twenty-one days for all school personnel. Upon retirement, payment is made for one-fourth of their accrued balance.

Pleasant Local School District
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B. Health Care Benefits

The School District offers medical, dental, and life insurance benefits to employees through the Stark County Schools Council of Governments Health Benefit Plan. Employees share the cost of the monthly premium with the Board. The premium varies with the employee depending on the terms of the union contract.

Note 13 - Long-Term Obligations

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

<u>General Long-term Obligations</u>	Balance July 1, 2020	<u>Additions</u>	<u>Deletions</u>	Balance June 30, 2021	Due within one year
<u>General Obligation Bonds</u>					
2019A School facilities					
construction and improvement					
Serial and term bonds	\$ 19,890,000	\$ -	\$ -	\$ 19,890,000	\$ -
Premium	999,793	-	(44,486)	955,307	-
2019B School facilities					
construction and improvement					
Serial and term bonds	6,575,000	-	-	6,575,000	-
Premium	339,730	-	(15,720)	324,010	-
2019C School facilities					
construction and improvement					
Serial and term bonds	6,975,000	-	(425,000)	6,550,000	475,000
Premium	85,966	-	(3,978)	81,988	-
Total general obligation bonds	<u>34,865,489</u>	<u>-</u>	<u>(489,184)</u>	<u>34,376,305</u>	<u>475,000</u>
<u>Other Obligations</u>					
Compensated absences	649,042	11,286	(126,939)	533,389	122,291
Capital lease	53,808	52,565	(61,641)	44,732	9,863
Subtotal other obligations	<u>702,850</u>	<u>63,851</u>	<u>(188,580)</u>	<u>578,121</u>	<u>132,154</u>
<u>Net Pension Liability</u>					
STRS	10,071,932	1,161,419	-	11,233,351	-
SERS	2,816,287	31,600	-	2,847,887	-
Subtotal net pension liability	<u>12,888,219</u>	<u>1,193,019</u>	<u>-</u>	<u>14,081,238</u>	<u>-</u>
<u>Net OPEB Liability</u>					
SERS	1,202,673	-	(228,844)	973,829	-
Subtotal net OPEB liability	<u>1,202,673</u>	<u>-</u>	<u>(228,844)</u>	<u>973,829</u>	<u>-</u>
Total general long-term obligations	<u>\$ 49,659,231</u>	<u>\$ 1,256,870</u>	<u>\$ (906,608)</u>	<u>\$ 50,009,493</u>	<u>\$ 607,154</u>

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On July 18, 2019, the School District issued \$19,890,000 in school facilities construction and improvement, series 2019A general obligation bonds with a maturity date of October 1, 2055. The bonds carry interest rates varying between 2.125% and 4.00%. The bonds will be used to finance construction and improvements of school buildings and facilities. The principal payments begin in fiscal year 2024 and will be paid from the debt service fund.

On July 18, 2019, the School District issued \$7,510,000 in school facilities construction and improvement, series 2019B general obligation bonds with a maturity date of October 1, 2055. The bonds carry interest rates varying between 2.125% and 4.00%. The bonds will be used to finance construction and improvements of school buildings and facilities. The initial principal payment was made in fiscal year 2020 and the next principal payment is deferred until 2027, payments will be paid from the debt service fund.

On July 18, 2019, the School District issued \$6,975,000 in school facilities construction and improvement, series 2019C general obligation bonds with a maturity date of October 1, 2049. The bonds carry interest rates varying between 2.125% and 4.00%. The bonds will be used to finance construction and improvements of school buildings and facilities. The principal payments will be paid from the debt service fund.

Compensated absences will be paid from the general fund.

There is not a repayment schedule for the net pension liability and net OPEB liability; however the School District pays pension and OPEB obligations related to employee compensation from the fund benefitting from their service.

At June 30, 2021, the School District exceeded the voted debt limit as permitted by Ohio Revised Code section 133.06 (I).

Note 14 - Capital Leases - Lessee Disclosure

During the fiscal year 2018 and 2021, the School District entered into a capital lease agreement for the acquisition of computers and copiers, respectively. The terms of each agreement provide options to purchase the equipment. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements of governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis.

Principal payments in the current fiscal year totaled \$61,641, this includes the final payment for the 2018 computer lease. The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments at year-end.

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Fiscal <u>Year</u>	Lease <u>Payments</u>
2022	\$ 11,976
2023	11,976
2024	11,976
2025	11,976
2026	<u>1,996</u>
Total minimum lease payments	49,900
Less: amount representing interest	<u>(5,168)</u>
Total	<u><u>\$ 44,732</u></u>

Note 15 – Statutory Reserves

The School 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 School 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.

Although the School District had qualifying disbursements and 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.

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

	Capital Maintenance <u>Reserve</u>
Set-aside cash balance as of June 30, 2020	\$ -
Current year set-aside requirement	241,506
Current year offset	(425,000)
Qualifying disbursements	<u>(93,413)</u>
Total	\$ <u>(276,907)</u>
Balance carried forward to future years	<u><u>\$ -</u></u>

Note 16- Interfund Transactions

Interfund balances at June 30, 2021 consisted of the following:

Due to general fund from:	
Nonmajor governmental funds	\$ 54,961

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All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2021, all interfund loans outstanding are anticipated to be repaid in fiscal year 2022.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 17 - Jointly Governed Organizations

A. META Solutions

The School District is a participant in the Metropolitan Educational Technology Association (META), which is a computer consortium. META is an association of public school districts within the boundaries of Delaware, Knox, Marion, Morrow, Muskingum, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of META consists of one representative from each county elected by majority vote of all charter member school districts within each county, one representative from the city school districts, and the superintendent from Tri-Rivers Joint Vocational School.

During fiscal year 2021, the School District paid \$35,315 to META for various services. Financial information can be obtained from the META Solutions, 100 Executive Drive, Marion, Ohio 43302.

B. Tri-Rivers Joint Vocational School

The Tri-Rivers Joint Vocational School (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education. The JVS operates under the direction of a Board consisting of one representative from each of the thirteen participating school districts' Board of Education. The Board possesses its own budgeting and taxing authority. The degree of control exercised by the School District is limited to its representation on the Board. Financial information can be obtained from the Tri-Rivers Joint Vocational School, 2222 Marion Mt. Gilead Road, Marion, Ohio 43302.

C. North Central Ohio Special Education Regional Resource Center

The North Central Ohio Special Education Regional Resource Center (SERRC) is a jointly governed organization formed to initiate, expand, and improve special education programs and services for children with disabilities and their parents. The SERRC is governed by a forty-seven member board including the superintendent from the forty-two participating educational entities, one representative from a non-public school, one representative from Knox County Educational Service Center, one representative from Ashland University, and two parents of children with disabilities. The degree of control exercised by any participating educational entity is limited to its representative on the Board. Financial information can be obtained from the Knox County Educational Service Center, 308 Martinsburg Road, Mt. Vernon, Ohio 43050.

Pleasant Local School District
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D. Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

Note 18 - Contingencies

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2021, if applicable, cannot be determined at this time.

In the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2021.

B. Litigation

The School District is not involved in any litigation at this time.

C. School District Foundation Adjustments

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. ODE has finalized the impact of enrollment adjustments to the June 30, 2021 Foundation funding for the School District. These adjustments were insignificant for the School District for fiscal year 2021.

Note 19 – Accountability

As of June 30, 2021, six funds had deficit fund balances. These deficits were caused by the application of GAAP. The general fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur. The following funds had deficit balances:

Pleasant Local School District
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<u>Fund</u>	<u>Amount</u>
Nonmajor governmental funds:	
ESSER	\$ 88,800
21st Century Grant	2,360
Title I	99,322
Improving Teacher Quality	11,739

Note 20 – Commitments/Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. The School District had outstanding encumbrances at June 30, 2021 in the following funds:

General fund	\$ 588,731
Building fund	9,119,416
Classroom facilities fund	13,497,931
Other governmental funds	<u>248,783</u>
Total encumbrances at year end	<u>\$ 23,454,861</u>

The classroom facilities fund has significant contractual commitments for the purpose of constructing school facilities and renovating and improving school facilities, included safety and security improvements.

Note 21 – Change in Accounting Principals and Restatement of Net Position and Fund Balance

For fiscal year 2021, the School District has implemented GASB Statement No. 84, “Fiduciary Activities”. 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. The School District reviewed its agency funds, and these funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the School District’s financial statements.

A net position restatement is required in order to implement GASB Statement No. 84. The June 30, 2020, net position of the governmental activities has been restated as follows:

	<u>Governmental Activities</u>
Net position June 30, 2020	\$ (3,250,723)
Restatement GASBS No. 84	<u>65,800</u>
Restated net position at July 1, 2021	<u>\$ (3,184,923)</u>

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

Pleasant Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	<u>General</u>	Debt <u>Service</u>	<u>Building</u>	Classroom <u>Facilities</u>	Other Governmental <u>Funds</u>	Total Governmental <u>Funds</u>
Fund balance June 30, 2020	\$ 3,275,615	\$ 1,138,667	\$ 9,981,427	\$23,740,499	\$ 496,262	\$ 38,632,470
Restatement GASBS No. 84	-	-	-	-	65,800	65,800
Restated fund balance at July 1, 2021	<u>\$ 3,275,615</u>	<u>\$ 1,138,667</u>	<u>\$ 9,981,427</u>	<u>\$23,740,499</u>	<u>\$ 562,062</u>	<u>\$ 38,698,270</u>

Due to the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting a beginning net position of \$0. Also related to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds; at June 30, 2020, agency funds reported assets and liabilities of \$55,895 (of which \$51,527 contributed to the restatement to governmental funds). Lastly, due the implementation of GASB Statement No. 84, \$14,273 in Private Purpose Trust assets and net position at June 20, 2020 contributed to the restatement of governmental to governmental funds.

Note 22 – Special Item

The School District was the sponsor for Pleasant Community Academy (PCA), whereas these activities were under the control of the School District’s management. The PCA was closed in a prior year, on March 17 the School District received a significant redistribution of funds in the amount of \$809,966 from the Department of Education related to the closing of PCA. Due the nature of this transaction the School District reported the residual amount as a special item.

Note 23 – Coronavirus Pandemic (COVID-19)

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures have impacted the current period and will continue to impact subsequent periods of the School District. The School District’s investment portfolio and the investments of the pension and other employee benefit plans are subject to increased market volatility, which could result in a significant change in fair value, consistent with the general fluctuations in financial markets. Furthermore, due to the dynamic environment and changes in fiscal policies, the exact impact on the School District’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be reasonably estimated.

Note 24 – New Funding Distribution from the State of Ohio

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 and scholarship funding will be directly funded by the State of Ohio to the respective 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 \$2,079,428 in revenue and expenditures/expense related to these programs. Also during fiscal year 2021, the school district reported \$2,426,976 in tuition and fees from the resident school districts which will be direct funded to the School 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.

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Pleasant Local School District
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 Last Eight Fiscal Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School Employees Retirement System (SERS) of Ohio				
School District's proportion of the net pension liability	0.0430571%	0.0470701%	0.0469676%	0.042492%
School District's proportionate share of the net pension liability	\$ 2,847,887	\$ 2,816,287	\$ 2,689,921	\$ 2,538,815
School District's covered payroll	\$ 1,632,400	\$ 1,589,844	\$ 1,341,363	\$ 1,500,479
School District's proportionate share of the net pension liability as a percentage of its covered payroll	174.46%	177.14%	200.54%	169.20%
Plan fiduciary net position as a percentage of total pension liability	68.55%	70.85%	71.36%	69.50%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
State Teachers Retirement System (STRS) of Ohio				
School District's proportion of the net pension liability	0.0464256%	0.0455447%	0.0452752%	0.0451875%
School District's proportionate share of the net pension liability	\$ 11,233,351	\$ 10,071,932	\$ 9,954,998	\$ 10,734,383
School District's covered payroll	\$ 5,602,850	\$ 5,299,764	\$ 5,122,679	\$ 4,961,721
School District's proportionate share of the net pension liability as a percentage of its covered payroll	200.49%	190.04%	194.33%	216.34%
Plan fiduciary net position as a percentage of total pension liability	75.50%	77.40%	77.30%	75.30%

(1) Information prior to 2014 is not available and the amounts presented are as of the School District's measurement date which is the prior fiscal year end.

2017	2016	2015	2014
0.043593%	0.041008%	0.042582%	0.042582%
\$ 3,190,635	\$ 2,339,945	\$ 2,155,051	\$ 2,532,215
\$ 1,291,143	\$ 1,250,129	\$ 1,215,678	\$ 1,222,355
247.12%	187.18%	177.27%	207.16%
62.98%	69.16%	71.70%	65.52%

2017	2016	2015	2014
0.0476840%	0.0480699%	0.0496795%	0.0496795%
\$ 15,961,275	\$ 13,285,125	\$ 12,083,779	\$ 14,394,118
\$ 5,002,593	\$ 5,030,736	\$ 5,105,723	\$ 5,435,254
319.06%	264.08%	236.67%	264.83%
66.80%	72.10%	74.70%	69.30%

Pleasant Local School District
 Required Supplementary Information
 Schedule of School District Contributions - Pension
 Last Nine Fiscal Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School Employees Retirement System (SERS) of Ohio					
Contractually required contribution	\$ 208,867	\$ 220,374	\$ 214,629	\$ 181,084	\$ 210,067
Contributions in relation to contractually required contribution	<u>(208,867)</u>	<u>(220,374)</u>	<u>(214,629)</u>	<u>(181,084)</u>	<u>(210,067)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
School District covered payroll	\$ 1,547,163	\$ 1,632,400	\$ 1,589,844	\$ 1,341,363	\$ 1,500,479
Contributions as a percentage of covered payroll	13.50%	13.50%	13.50%	13.50%	14.00%

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
State Teachers Retirement System (STRS) of Ohio					
Contractually required contribution	\$ 795,942	\$ 784,399	\$ 741,967	\$ 717,175	\$ 694,641
Contributions in relation to contractually required contribution	<u>(795,942)</u>	<u>(784,399)</u>	<u>(741,967)</u>	<u>(717,175)</u>	<u>(694,641)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
School District covered payroll	\$ 5,685,300	\$ 5,602,850	\$ 5,299,764	\$ 5,122,679	\$ 4,961,721
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Information prior to 2013 is not available.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 180,760	\$ 164,767	\$ 168,493	\$ 169,174
<u>(180,760)</u>	<u>(164,767)</u>	<u>(168,493)</u>	<u>(169,174)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,291,143	\$ 1,250,129	\$ 1,215,678	\$ 1,222,355
14.00%	13.18%	13.86%	13.84%

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 700,363	\$ 704,303	\$ 663,744	\$ 706,583
<u>(700,363)</u>	<u>(704,303)</u>	<u>(663,744)</u>	<u>(706,583)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,002,593	\$ 5,030,736	\$ 5,105,723	\$ 5,435,254
14.00%	14.00%	13.00%	13.00%

Pleasant Local School District
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
 Last Four Fiscal Years (1)

	2021	2020	2019	2018
School Employees Retirement System (SERS) of Ohio				
School District's proportion of the net OPEB liability	0.044808%	0.047824%	0.047101%	0.042881%
School District's proportionate share of the net OPEB liability	\$ 973,829	\$ 1,202,673	\$ 1,306,703	\$ 1,150,811
School District's covered payroll	\$ 1,632,400	\$ 1,589,844	\$ 1,341,363	\$ 1,500,479
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	59.66%	75.65%	97.42%	76.70%
Plan fiduciary net position as a percentage of total OPEB liability	18.17%	15.57%	13.57%	12.46%
State Teachers Retirement System (STRS) of Ohio				
School District's proportion of the net OPEB liability or asset	0.0464256%	0.0455447%	0.0452752%	0.0451875%
School District's proportionate share of the net OPEB liability (asset)	\$ (815,930)	\$ (754,329)	\$ (727,526)	\$ 1,763,049
School District's covered payroll	\$ 5,602,850	\$ 5,299,764	\$ 5,122,679	\$ 4,961,721
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	(14.56%)	(14.23%)	(14.20%)	35.53%
Plan fiduciary net position as a percentage of total OPEB liability or asset	182.10%	174.70%	176.00%	47.10%

(1) Ten years of information will be presented as information becomes available. Information prior to 2017 is not available.
 The amounts presented are as of the School District's measurement date which is the prior fiscal year end.

2017

0.044080%

\$ 1,256,443

\$ 1,291,143

97.31%

11.49%

2017

0.0476840%

\$ 2,550,153

\$ 5,002,593

50.98%

37.30%

Pleasant Local School District
Required Supplementary Information
Schedule of School District Contributions - OPEB
Last Nine Fiscal Years (1)

	2021	2020	2019	2018	2017
School Employees Retirement System (SERS) of Ohio					
Contractually required contribution	\$ 27,780	\$ 29,391	\$ 35,201	\$ 29,720	\$ 22,266
Contributions in relation to contractually required contribution	<u>(27,780)</u>	<u>(29,391)</u>	<u>(35,201)</u>	<u>(29,720)</u>	<u>(22,266)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
School District covered payroll	\$ 1,547,163	\$ 1,632,400	\$ 1,589,844	\$ 1,341,363	\$ 1,500,479
Contributions as a percentage of covered payroll	1.80%	1.80%	2.21%	2.22%	1.48%

	2021	2020	2019	2018	2017
State Teachers Retirement System (STRS) of Ohio					
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>				
School District covered payroll	\$ 5,685,300	\$ 5,602,850	\$ 5,299,764	\$ 5,122,679	\$ 4,961,721
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Information prior to 2013 is not available.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 21,888	\$ 33,218	\$ 23,792	\$ 24,576
<u>(21,888)</u>	<u>(33,218)</u>	<u>(23,792)</u>	<u>(24,576)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,291,143	\$ 1,250,129	\$ 1,215,678	\$ 1,222,355
1.70%	2.66%	1.96%	2.01%

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ -	\$ -	\$ 50,599	\$ 52,500
<u>-</u>	<u>-</u>	<u>(50,599)</u>	<u>(52,500)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,002,593	\$ 5,030,736	\$ 5,105,723	\$ 5,435,254
0.00%	0.00%	1.00%	0.97%

Pleasant Local School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Net Pension Liability

School Employees Retirement System (SERS) of Ohio

Changes in benefit terms: There was no change in benefit terms for fiscal year 2021. See the notes to the basic financial for benefit terms.

Changes in assumptions: There was no change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021. See the notes to the basic financials for the methods and assumptions in this calculation.

State Teachers Retirement System (STRS) of Ohio

Changes in benefit terms: There was no change in benefit terms for fiscal year 2021. See the notes to the basic financial for benefit terms.

Changes in assumptions: There was no change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021. See the notes to the basic financials for the methods and assumptions in this calculation.

Net OPEB Liability

School Employees Retirement System (SERS) of Ohio

Changes in benefit terms: There was no change in benefit terms for fiscal year 2021. See the notes to the basic financial for benefit terms.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021. See the notes to the basic financials for the methods and assumptions in this calculation.

State Teachers Retirement System (STRS) of Ohio

Changes in benefit terms: There was no change in benefit terms for fiscal year 2021. See the notes to the basic financial for benefit terms.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021. See the notes to the basic financials for the methods and assumptions in this calculation.

PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education</i>		
Child Nutrition Cluster:		
Non-Cash Assistance (Food Distribution)		
National School Lunch Program	10.555	\$ 20,000
Cash Assistance		
COVID-19 School Breakfast Program	10.553	3,740
School Breakfast Program	10.553	104,944
COVID-19 National School Lunch Program	10.555	50,079
National School Lunch Program	10.555	255,552
Total Child Nutrition Cluster		<u>434,315</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>434,315</u>
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through the Ohio Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010A	469,445
Special Education Cluster:		
Special Education Grants to States	84.027A	236,830
Special Education Preschool Grants	84.173A	6,166
Total Special Education Cluster		<u>242,996</u>
Twenty-First Century Community Learning Centers	84.287C	150,912
English Language Acquisition State Grants	84.365A	4,302
Supporting Effective Instruction State Grants	84.367A	21,030
Student Support and Academic Enrichment Program	84.424A	26,000
COVID-19 Education Stabilization Fund I	84.425D	162,334
COVID-19 Education Stabilization Fund II	84.425D	<u>595,838</u>
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>1,672,857</u>
U.S. DEPARTMENT OF THE TREASURY		
<i>Passed Through the Ohio Department of Education</i>		
COVID-19 Coronavirus Relief Fund	21.019	116,793
<i>Passed Through Pleasant Township</i>		
COVID-19 Coronavirus Relief Fund	21.019	<u>2,742</u>
TOTAL U.S. DEPARTMENT OF THE TREASURY		<u>119,535</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 2,226,707</u>

The accompanying notes are an integral part of this schedule.

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Pleasant Local School District (the School 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 School District, it is not intended to and does not present the financial position or changes in net position of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



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

Pleasant Local School District
Marion County
1107 Owens Road West
Marion, Ohio 43302

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 the Pleasant Local School District, Marion County, (the School District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated August 31, 2021, wherein we noted the School 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 School District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School 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 School 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 School 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 School 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 statement. 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 School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

August 31, 2022

OHIO AUDITOR OF STATE KEITH FABER



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

Pleasant Local School District
Marion County
1107 Owens Road West
Marion, Ohio 43302

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Pleasant Local School District's (the School 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 Pleasant Local School District's major federal program for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District's major federal program 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 School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

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

Report on Internal Control over Compliance

The School 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 School 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 School 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's compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a 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 the Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



August 31, 2022

**PLEASANT LOCAL SCHOOL DISTRICT
MARION COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020**

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 (AL #84.425D)
(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 AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



PLEASANT LOCAL SCHOOL DISTRICT

MARION COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/27/2022

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

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