



OHIO AUDITOR OF STATE
KEITH FABER



**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY
JUNE 30, 2020**

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ASHLAND COUNTY
JUNE 30, 2019**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Ashland City School District
Ashland County
1407 Claremont Avenue
Ashland, Ohio 44805

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 Ashland City School District, Ashland County, Ohio (the School District), as of and for the year ended June 30, 2020, 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 Ashland City School District, Ashland County, Ohio, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20 to the financial statements, during 2020, the financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the School District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the 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 March 2, 2021, 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

March 2, 2021

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**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Unaudited)*

The discussion and analysis of the Ashland City 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, 2020. The intent of this discussion and analysis is to look at the School District's 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 2020 are as follows:

- In total, net position of governmental activities increased \$1,966,208 from fiscal year 2019.
- General revenues accounted for \$33,893,125 in revenue or 85.77 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$5,623,604 or 14.23 percent of total revenues of 39,516,329.
- The School District had \$37,550,121 in expenses related to governmental activities; only \$5,623,204 of these expenses was offset by program specific charges for services, and grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$33,893,125 were adequate to provide for these programs.
- The General Fund had \$33,903,652 in revenues and other financing sources and \$43,439,780 in expenditures and other financing uses. During fiscal year 2020, the General Fund's fund balance decreased \$9,536,128 from a balance of \$17,217,635 to \$7,681,507.
- Capital assets increased \$9,674,159 during fiscal year 2020 due to the commencement of capital projects.
- During the fiscal year, outstanding debt decreased from \$27,159,590 to \$26,443,964 due to principal payments made by the School District.

Using this Annual Report

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

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole 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 the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Unaudited)*

In the case of the Ashland City School District, the general, building, and permanent improvement funds are the most significant funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole look at all financial transactions and asks the question, "How did we do financially during fiscal year 2020?" The Statement of Net Position and the Statement of Activities answer this question. 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. This basis of 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 reader 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 which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non-instructional services, i.e., food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The major funds financial statements begin on page 19. Fund financial reports provide detailed information about the School District's major funds. 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. The School District's major governmental funds are the general fund and permanent improvement fund.

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 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.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Unaudited)*

Proprietary Fund the School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits.

Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 24.

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for some of its scholarship programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in the agency fund. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 27 and 28. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 29 through 70 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School District's net pension liability and net OPEB liability. The required supplementary information can be found on pages 71 through 81 of this report.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Unaudited)*

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2020 compared to 2019:

**Table 1
Net Position**

	Governmental Activities	
	2020	2019
ASSETS		
Current and other assets	\$ 36,402,383	\$ 41,218,027
Capital assets, net	67,207,051	57,532,892
Total Assets	103,609,434	98,750,919
DEFERRED OUTFLOWS OF RESOURCES		
Deferral on Refunding	13,090	17,455
Pension	6,793,037	9,689,351
OPEB	710,399	584,551
Total Deferred Outflows of Resources	7,516,526	10,291,357
LIABILITIES		
Current and other liabilities	5,211,258	5,966,310
Long-term liabilities:		
Due within one year	1,060,454	955,159
Due in more than one year:		
Net Pension Liability	35,434,953	35,990,859
Net OPEB Liability	2,648,584	3,032,449
Other Amounts	27,646,624	28,541,550
Total Liabilities	72,001,873	74,486,327
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	14,545,338	11,474,599
Pension	2,710,262	3,045,059
OPEB	3,512,317	3,646,329
Total Deferred Inflows of Resources	20,767,917	18,165,987
NET POSITION		
Net Investment in Capital Assets	39,401,449	29,091,209
Restricted	7,143,459	4,351,470
Unrestricted	(28,188,738)	(17,052,717)
Total Net Position	\$ 18,356,170	\$ 16,389,962

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Unaudited)*

The net pension liability (NPL), net OPEB liability (NOL), and net OPEB asset reported by the School District at June 30, 2020 and are reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and net OPEB asset.

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

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

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

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

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

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Unaudited)*

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability.

As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2020, the School District's assets and deferred outflows exceeded liabilities and deferred inflows by \$18,356,170.

At year-end, capital assets represented 64.87 percent of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles. The School District's net investment in capital assets at June 30, 2020, was \$39,401,449. These capital assets are used to provide services to the 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 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, \$7,143,459, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$28,188,738.

The recording of GASB Statement No. 68 and 75 requires the readers to perform additional calculations to determine the School District's total Net Position at June 30, 2020 without the recording of GASB Statement No. 68 and 75. This is an important exercise, as the State Pension Systems (SERS & STRS) collect, hold, invest, and distribute pensions to our employee, not the School District. These calculations are as follows:

Total Net Position including GASB 68 and GASB 75	\$ 18,356,170
Add:	
Net Pension Liability	35,434,953
Net OPEB Liability	2,648,584
Deferred Inflows - Pension	2,710,262
Deferred Inflows - OPEB	3,512,317
Less:	
Net OPEB Asset	(2,192,590)
Deferred Outflows - Pension	(6,793,037)
Deferred Outflows - OPEB	(710,399)
Total Net Position without GASB 68 and GASB 75	<u><u>52,966,260</u></u>

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Unaudited)*

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2020 and 2019.

**Table 2
Changes in Net Position**

	Governmental Activities	
	2020	2019
REVENUES		
Program Revenues:		
Charges for services	\$ 2,022,733	\$ 2,098,429
Operating grants and contributions	3,336,388	2,685,069
Capital grants and contributions	264,083	979,536
Total Program Revenues	5,623,204	5,763,034
General Revenues:		
Property taxes	18,097,845	19,953,117
Payments in lieu of taxes	33,522	33,522
Grants and entitlements, not restricted to specific programs	15,326,602	16,133,849
Contributions and Donations, not restricted to specific programs	28,780	29,220
Gain on Sale of Capital assets	-	154
Investment income	350,604	478,676
Miscellaneous	55,772	237,382
Total General Revenues	33,893,125	36,865,920
Total Revenues	39,516,329	42,628,954
EXPENSES		
Program Expenses:		
Instruction:		
Regular	14,915,526	12,504,841
Special	5,180,253	4,490,696
Vocational	545,131	275,479
Other	857,309	953,893
Supporting Services:		
Pupils	2,176,940	2,197,818
Instructional Staff	1,962,327	1,704,309
Board of Education	146,370	103,705
Administration	2,565,438	2,256,644
Fiscal Services	899,539	842,731
Business	691,499	500,379
Operation and Maintenance of Plant	2,204,749	2,366,071
Pupil Transportation	1,265,206	1,374,150
Central	421,338	377,134
Operation of Non-Instructional Services:		
Food Service Operations	1,308,760	1,299,952
Community Services	214,726	264,684
Enterprise Operations	414	-
Other Operations	462	919
Extracurricular Activities	1,208,728	1,107,714
Interest and Fiscal Charges	985,406	1,023,481
Total Expenses	37,550,121	33,644,600
Change in Net Position before Special Item	1,966,208	8,984,354
Special Item - refund to the Ohio Facilities		
Construction Commission	-	(1,075,378)
Change in Net Position	1,966,208	7,908,976
Net Position - Beginning of Year	16,389,962	8,480,986
Net Position - End of Year	\$ 18,356,170	\$ 16,389,962

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Unaudited)*

Net position of the School District's governmental activities increased \$1,966,208. Total governmental expenses of \$37,550,121 were offset by program revenues of \$5,623,204 and general revenues of \$33,893,125.

Program revenues supported 14.97 percent of the total governmental activities expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements from the State of Ohio. These revenue sources represent 84.58 percent of total governmental revenue.

Total revenues decreased by \$3,112,625 or 7.30 percent in fiscal year 2020, mostly due to the decrease in property tax revenue and capital grants and contributions which was offset by the increase in operating grants and contributions. Capital grants and contributions decreased due to the reduction of donations for the field house project and operating grants and contributions increased due to a increase in federal grant revenue.

Total expenses increased by \$3,905,521 mainly due to the recording of GASB 68 and 75. The effects of GASB 68 and 75 distort the comparative analysis of expenses due to the significant changes made by the pension systems in recording the aforementioned GASBs. As a result of the significant adjustments to program expenses for GASB 68 and GASB 75, the following adjustments are needed:

Total 2020 program expenses under GASB 68 and GASB 75	\$	37,550,121
NPL expense under GASB 68		(4,549,333)
2020 contractually required contribution - Pension		2,543,722
Negative OPEB expense under GASB 75		589,690
2020 contractually required contribution - OPEB		66,975
Adjusted 2020 program expenses		36,201,175
 Total 2019 program expenses under GASB 68 and GASB 75		 33,644,600
NPL expense under GASB 68		(2,926,029)
2019 contractually required contribution - Pension		2,579,048
Negative OPEB expense under GASB 75		4,582,334
2019 contractually required contribution - OPEB		81,160
Adjusted 2019 program expenses		37,961,113
 Decrease in program expenses	 \$	 (1,759,938)

See page 13 for analysis of the School District's fund financial statements that do not include the pension and OPEB expenses in relation to GASB Statement No. 68 and 75. See Notes 11 and 12 for more information regarding net pension/OPEB liability, and net OPEB asset and the related pension expense.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Unaudited)*

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3
Governmental Activities**

	Governmental Activities			
	Total Cost of Services	Total Cost of Services	Net Cost of Services	Net Cost of Services
	2020	2019	2020	2019
Instruction:				
Regular	\$ 14,915,526	\$ 12,504,841	\$ 13,638,096	\$ 11,364,874
Special	5,180,253	4,490,696	3,974,787	3,286,654
Vocational	545,131	275,479	464,978	195,326
Other	857,309	953,893	856,831	952,862
Supporting Services:				
Pupils	2,176,940	2,197,818	1,966,659	1,931,831
Instructional Staff	1,962,327	1,704,309	1,619,518	1,455,701
Board of Education	146,370	103,705	146,370	103,705
Administration	2,565,438	2,256,644	2,422,553	2,079,321
Fiscal Services	899,539	842,731	899,539	842,731
Business	691,499	500,379	691,499	500,379
Operation and Maintenance of Plant	2,204,749	2,366,071	1,707,670	2,314,537
Pupil Transportation	1,265,206	1,374,150	1,163,027	1,364,199
Central	421,338	377,134	401,526	368,134
Operation of Non-Instructional Services:				
Food Service Operations	1,308,760	1,299,952	324,879	304,064
Community Services	214,726	264,684	(2,776)	20,617
Enterprise Operations	414	-	414	-
Other Operations	462	919	462	919
Extracurricular Activities	1,208,728	1,107,714	665,479	(227,769)
Interest and Fiscal Charges	985,406	1,023,481	985,406	1,023,481
Total Cost of Services	\$ 37,550,121	\$ 33,644,600	\$ 31,926,917	\$ 27,881,566

The dependence upon general revenues for governmental activities is apparent. Approximately 85 percent of governmental activities are supported through taxes and other general revenues; such revenues are 83 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

Governmental Funds

Information about the School District's major funds starts on page 19. These funds are accounted for using the modified accrual basis of accounting.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Unaudited)*

The general fund's net change in fund balance for fiscal year 2020 was a decrease of \$9,536,128. Most of this decrease was caused by the revenues consistently exceeding expenditures.

The permanent improvement fund's net change in fund balance for fiscal year 2020 was a decrease of \$738,516. Most of this decrease was caused by expenditures outpacing revenues.

The Building fund's net change in fund balance for fiscal year 2020 was an increase of \$2,496,026. Most of this increase was caused by the transfer of funds from the general fund.

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. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, actual budget basis revenue was \$931,633 higher than the final budget basis amounts of \$35,091,964. This was primarily caused by an underestimation of intergovernmental revenue.

There were no significant variances to discuss within other financing sources and uses.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2020, the School District had \$67,207,051 invested in capital assets. Table 4 shows fiscal year 2020 balances compared with 2019.

**Table 4
Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2020	2019
Land	\$ 2,804,234	\$ 2,804,234
Construction in Progress	10,291,706	5,372,709
Land Improvements	676,006	149,772
Buildings and Improvements	51,198,842	46,972,687
Furnitures, Fixtures and Equipment	1,459,649	1,613,199
Vehicles	776,614	620,291
<i>Totals</i>	\$ 67,207,051	\$ 57,532,892

The \$9,674,159 increase in capital assets was attributable to the commencement of new capital projects that have not been completed as of the end of the year. See Note 9 for more information about the capital assets of the School District.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Unaudited)*

Debt

At June 30, 2020, the School District had \$26,443,964 in debt outstanding. See Note 13 for additional details. Table 5 summarizes debt outstanding.

**Table 5
Outstanding Debt at Year End**

	Governmental Activities	
	2020	2019
Energy Conservation Refunding Bond	\$ 1,180,000	\$ 1,460,000
School Improvement Bond- Serial & Term	24,935,000	25,195,000
School Improvement Bonds- Capital Appreciation	9,940	32,870
Accretion on Capital Appreciation Bonds	69,283	209,898
Bond Premium	724,222	753,406
Bond Discounts	(474,481)	(491,584)
<i>Total</i>	\$ 26,443,964	\$ 27,159,590

Current Issues

The construction partnership with the Ohio Facilities Construction Commission was closed out in fiscal year 2019. The School District has completed building renovations, including installation of HVAC, remodeling of the Principals' offices and upgrading restroom areas to meet ADA standards to two elementary schools as well as renovating the bleachers at the athletic field using permanent improvement and general funds. In fiscal years 2019, 2020 and 2021, the Board of Education has approved the renovation of the High School, which includes adding HVAC, window replacement, renovation of the cafeteria area and completion of the science wing to include STEM classes. The Board of Education has completed construction of a new multi-million dollar field house with the assistance of the community through generous donations. The final payments for the construction will be made in fiscal year 2020.

The School District's voters continue to renew a 1.25 mill permanent improvement levy and a 9.9 mill operating levy which are the only levies that the district has that are not "continuing". The permanent improvement levy, which generates approximately \$600,000.00 per fiscal year in property tax revenue, is due for renewal in 2020; the operating levy which generates approximately 4.4 million dollars in property tax revenue per fiscal year, is due for renewal in 2021. The levies are renewable every 5 years. The Board of Education and administration continue to closely monitor the revenue and expenditures in accordance with the School District's financial forecast. Management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years. Although the School District relies heavily on its property taxpayers to support its operations, community support remains quite strong.

The School District, with the assistance of Ohio School Boards Association (OSBA) completed a Strategic Plan in fiscal year 2018. The Strategic Planning committee included diverse members of the community as well as School District personnel and Board of Education members.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Unaudited)*

In fiscal year 2020 the State of Ohio was in the first year of a biennium budget and had frozen the amount of general fund revenue a school district would receive. In March of 2020, the COVID 19 pandemic struck. The Governor ordered the closure of schools and businesses in order to reduce the exposure to the dangerous virus. The Governor reduced funding to all school districts by approximately 20% which reduced the state revenue to the Ashland City School District by approximately \$612,000.00. The funding reduction was carried forward to fiscal year 21.

In the FY20 and FY21 biennium budget, the Governor implemented new restricted funds for the Student Wellness and Success.

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 show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Susan K. Guthrie, Treasurer of Ashland City School District, 1407 Claremont Avenue, Ashland, Ohio 44805.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF NET POSITION
JUNE 30, 2020*

	Governmental Activities
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 13,681,786
Taxes Receivable	20,237,092
Accounts Receivable	4,997
Accrued Interest Receivable	19,340
Intergovernmental Receivable	234,492
Prepaid Items	32,086
Net OPEB Asset	2,192,590
Nondepreciable Capital Assets	13,095,940
Depreciable Capital Assets, Net	54,111,111
Total Assets	103,609,434
DEFERRED OUTFLOWS OF RESOURCES	
Deferral on Refunding	13,090
Pension	6,793,037
OPEB	710,399
Total Deferred Outflows of Resources	7,516,526
LIABILITIES	
Accounts Payable	229,412
Contracts Payable	854,560
Accrued Wages and Benefits	2,657,390
Intergovernmental Payable	453,421
Accrued Interest Payable	153,531
Matured Compensated Absences Payable	34,948
Retainage Payable	589,451
Claims Payable	238,545
Long-term Liabilities:	
Due within one year	1,060,454
Due in more than one year:	
Net Pension Liability	35,434,953
Net OPEB Liability	2,648,584
Other Amounts	27,646,624
Total Liabilities	72,001,873
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	14,545,338
Pension	2,710,262
OPEB	3,512,317
Total Deferred Inflows of Resources	20,767,917
NET POSITION	
Net Investment in Capital Assets	39,401,449
Restricted:	
Capital Projects	4,046,437
Debt Service	1,915,705
Classroom Facilities Maintenance	550,133
Locally Funded Programs	20,162
State Funded Programs	414,827
Student Activities	176,248
Other Purpose	19,947
Unrestricted	(28,188,738)
Total Net Position	\$ 18,356,170

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions		
Governmental activities:					
Instruction:					
Regular	\$ 14,915,526	\$ 1,265,778	\$ 11,652	\$ -	\$ (13,638,096)
Special	5,180,253	135,567	1,069,899	-	(3,974,787)
Vocational	545,131	-	80,153	-	(464,978)
Other	857,309	478	-	-	(856,831)
Supporting Services:					
Pupils	2,176,940	3,106	207,175	-	(1,966,659)
Instructional Staff	1,962,327	-	342,809	-	(1,619,518)
Board of Education	146,370	-	-	-	(146,370)
Administration	2,565,438	-	142,885	-	(2,422,553)
Fiscal Services	899,539	-	-	-	(899,539)
Business	691,499	-	-	-	(691,499)
Operation and Maintenance of Plant	2,204,749	30,063	467,016	-	(1,707,670)
Pupil Transportation	1,265,206	7,668	94,511	-	(1,163,027)
Central	421,338	-	19,812	-	(401,526)
Operation of Non-Instructional Services:					
Food Service Operations	1,308,760	300,907	682,974	-	(324,879)
Community Services	214,726	-	217,502	-	2,776
Enterprise Operations	414	-	-	-	(414)
Other Operations	462	-	-	-	(462)
Extracurricular Activities	1,208,728	279,166	-	264,083	(665,479)
Interest and Fiscal Charges	985,406	-	-	-	(985,406)
Total Governmental activities	\$ 37,550,121	\$ 2,022,733	\$ 3,336,388	\$ 264,083	(31,926,917)
General Revenues:					
Property Taxes levied for:					
General Purposes					16,389,000
Debt Service					1,058,965
Capital Outlay					563,216
Classroom Facilities and Maintenance					86,664
Payments in Lieu of Taxes					33,522
Grants & Entitlements not restricted to specific programs					15,326,602
Contributions and Donations not restricted to specific programs					28,780
Investment Income					350,604
Miscellaneous					55,772
Total General Revenues					<u>33,893,125</u>
Change in Net Position					1,966,208
Net Position - Beginning of Year					<u>16,389,962</u>
Net Position - End of Year					<u>\$ 18,356,170</u>

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020*

	General	Permanent Improvement	Building	Other Governmental Funds	Total Governmental Funds
ASSETS					
Equity in Pooled Cash and Cash Equivalents	\$ 3,663,869	\$ 898,720	\$ 4,059,853	\$ 2,907,483	\$ 11,529,925
Accrued Interest Receivable	19,340	-	-	-	19,340
Accounts Receivable	4,997	-	-	-	4,997
Interfund Receivable	2,081,523	-	-	-	2,081,523
Intergovernmental Receivable	15,914	-	-	218,578	234,492
Prepaid Items	31,695	-	-	391	32,086
Taxes Receivable	18,215,913	653,447	-	1,367,732	20,237,092
Total Assets	\$ 24,033,251	\$ 1,552,167	\$ 4,059,853	\$ 4,494,184	\$ 34,139,455
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 182,025	\$ -	\$ 13,416	\$ 33,971	\$ 229,412
Contracts Payable	-	-	854,560	-	854,560
Accrued Wages and Benefits	2,393,215	-	-	264,175	2,657,390
Intergovernmental Payable	397,845	-	-	55,576	453,421
Matured Compensated Absences Payable	34,948	-	-	-	34,948
Retainage Payable	-	48,711	540,740	-	589,451
Interfund Payable	-	2,000,000	-	81,523	2,081,523
Total Liabilities	3,008,033	2,048,711	1,408,716	435,245	6,900,705
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	13,100,562	464,651	-	980,125	14,545,338
Unavailable Revenue-Delinquent Property Taxes	243,149	8,974	-	18,425	270,548
Unavailable Revenue - Grants	-	-	-	70,218	70,218
Total Deferred Inflows of Resources	13,343,711	473,625	-	1,068,768	14,886,104
FUND BALANCES					
Nonspendable	50,604	-	-	391	50,995
Restricted	-	-	2,651,137	3,232,128	5,883,265
Assigned	3,198,270	-	-	-	3,198,270
Unassigned (Deficits)	4,432,633	(970,169)	-	(242,348)	3,220,116
Total Fund Balances	7,681,507	(970,169)	2,651,137	2,990,171	12,352,646
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 24,033,251	\$ 1,552,167	\$ 4,059,853	\$ 4,494,184	\$ 34,139,455

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2020*

Total Governmental Fund Balances \$ 12,352,646

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 67,207,051

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable revenue in the funds:

Delinquent Property Taxes	\$	270,548	
Intergovernmental		70,218	
Total			340,766

Internal Service funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the District Internal Service funds are included in Governmental Activities in the Statement of Net Position. 1,913,316

In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported. (153,531)

In the statement of activities, a gain/loss on refunding is amortized over the term of the bonds, whereas in governmental funds a refunding gain/loss is reported when bonds are issued. 13,090

The net pension liability and net OPEB liability are not due and payable in the current period, and the net OPEB asset is not available for spending in the current period; therefore, the asset and liability and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows - Pension		6,793,037	
Deferred Inflows - Pension		(2,710,262)	
Net Pension Liability		(35,434,953)	
Net OPEB Asset		2,192,590	
Deferred Outflows - OPEB		710,399	
Deferred Inflows - OPEB		(3,512,317)	
Net OPEB Liability		(2,648,584)	
Total			(34,610,090)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

General Obligation Bonds		(26,115,000)	
Capital Appreciation Bonds		(9,940)	
Bond Premium		(724,222)	
Bond Discount		474,481	
Accretion of Interest		(69,283)	
Compensated Absences		(2,263,114)	
Total			(28,707,078)

Net Position of Governmental Activities \$ 18,356,170

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

	General	Permanent Improvement	Building	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property Taxes	\$ 16,658,326	\$ 573,811	\$ -	\$ 1,170,481	\$ 18,402,618
Intergovernmental	15,326,387	85,527	-	3,237,734	18,649,648
Interest	274,450	23,702	52,452	-	350,604
Tuition	1,356,711	-	-	-	1,356,711
Extracurricular Activities	116,772	-	-	162,395	279,167
Rentals	29,225	-	-	-	29,225
Charges for Services	-	-	-	300,907	300,907
Contributions and Donations	30,892	264,083	-	61,793	356,768
Transportation Fees	7,668	-	-	-	7,668
Classroom Materials and Fees	26,150	-	-	-	26,150
Payments in Lieu of Taxes	33,522	-	-	-	33,522
Miscellaneous	35,602	-	-	20,069	55,671
Total Revenues	<u>33,895,705</u>	<u>947,123</u>	<u>52,452</u>	<u>4,953,379</u>	<u>39,848,659</u>
EXPENDITURES					
Current:					
Instruction:					
Regular	14,281,153	44,839	-	10,093	14,336,085
Special	3,942,009	-	-	1,098,734	5,040,743
Vocational	527,226	-	-	-	527,226
Other	855,857	-	-	195	856,052
Supporting Services:					
Pupils	2,130,975	-	-	12,724	2,143,699
Instructional Staff	1,263,743	-	-	302,661	1,566,404
Board of Education	144,968	-	-	-	144,968
Administration	2,294,133	-	-	146,271	2,440,404
Fiscal Services	821,739	10,460	-	30,929	863,128
Business	661,236	-	-	-	661,236
Operation and Maintenance of Plant	1,800,313	61,324	1,349	219,441	2,082,427
Pupil Transportation	1,030,462	105,780	-	95,016	1,231,258
Central	382,064	-	-	19,812	401,876
Operation of Non-Instructional Services:					
Food Service Operations	87,656	2,403	-	1,050,177	1,140,236
Community Services	2,534	-	-	207,565	210,099
Other Non-Instructional Services	460	-	-	-	460
Extracurricular Activities	755,968	49,073	-	213,677	1,018,718
Capital Outlay	538,992	1,411,760	8,555,077	-	10,505,829
Debt Service:					
Principal Retirement	280,000	-	-	515,000	795,000
Interest and Fiscal Charges	37,888	-	-	888,400	926,288
Total Expenditures	<u>31,839,780</u>	<u>1,685,639</u>	<u>8,556,426</u>	<u>4,810,695</u>	<u>46,892,540</u>
Excess of Revenues Over (Under) Expenditures	<u>2,055,925</u>	<u>(738,516)</u>	<u>(8,503,974)</u>	<u>142,684</u>	<u>(7,043,881)</u>
OTHER FINANCING SOURCES					
Sale of Capital Assets	7,947	-	-	-	7,947
Transfers In	-	-	11,000,000	600,000	11,600,000
Transfers Out	(11,600,000)	-	-	-	(11,600,000)
Total Other Financing Sources	<u>(11,592,053)</u>	<u>-</u>	<u>11,000,000</u>	<u>600,000</u>	<u>7,947</u>
Net Change in Fund Balances	(9,536,128)	(738,516)	2,496,026	742,684	(7,035,934)
Fund Balances - Beginning of Year	17,217,635	(231,653)	155,111	2,247,487	19,388,580
Fund Balances - End of Year	<u>\$ 7,681,507</u>	<u>\$ (970,169)</u>	<u>\$ 2,651,137</u>	<u>\$ 2,990,171</u>	<u>\$ 12,352,646</u>

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

Net Change in Fund Balances-Total Governmental Funds \$ (7,035,934)

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Outlay	\$ 10,721,050	
Depreciation	<u>(1,033,492)</u>	
Total		9,687,558

In the Statement of Activities, only the loss on the disposal of capital assets is reported, whereas, in the Governmental Funds, the proceeds from the disposals increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets. (13,399)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent Property Taxes	(304,773)	
Intergovernmental	<u>(27,557)</u>	
Total		(332,330)

Repayment of bond principal are expenditures in the Governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position. 562,930

Amortization of gain/loss on refunding bonds are not reported in the fund but are allocated as an expense over the life of the debt in the statement of activities (4,365)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows

Pension		2,543,722
OPEB		66,975

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability and net OPEB asset are reported as pension/OPEB expense in the Statement of Activities.

Pension		(4,549,333)
OPEB		589,690

In the Statement of Activities, interest is accrued on outstanding bonds, and bond premium and discount are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.

Accrued Interest Payable	1,700	
Amortization of Premium on Bonds	29,184	
Amortization of Discount on Bonds	<u>(17,103)</u>	
		13,781

Some expenses 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.

Compensated Absences	74,005	
Bond Accretion	<u>140,615</u>	
Total		214,620

Internal Service funds are used by management to charge costs to certain activities, such as insurance to individual funds. The net revenue (expense) of the Internal Service fund are reported in the Governmental Activities. 222,293

Change in Net Position of Governmental Activities \$ 1,966,208

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Property Taxes	\$ 18,763,437	\$ 18,763,437	\$ 18,485,014	\$ (278,423)
Intergovernmental	13,993,603	13,993,603	15,079,886	1,086,283
Interest	173,529	173,529	187,000	13,471
Tuition	1,258,980	1,258,980	1,356,711	97,731
Extracurricular Activities	48,186	48,186	51,927	3,741
Rentals	27,027	27,027	29,125	2,098
Contributions and Donations	26,707	26,707	28,780	2,073
Transportation Fees	7,116	7,116	7,668	552
Payments in Lieu of Taxes	31,107	31,107	33,522	2,415
Miscellaneous	21,803	21,803	23,495	1,692
Total Revenues	34,351,495	34,351,495	35,283,128	931,633
Expenditures				
Current:				
Instruction				
Regular	14,393,769	14,393,769	14,393,044	725
Special	4,204,814	4,204,814	4,204,814	-
Vocational	480,483	480,483	480,483	-
Other	862,996	862,996	862,996	-
Supporting Services				
Pupils	2,278,705	2,278,705	2,278,705	-
Instructional Staff	1,284,470	1,284,470	1,284,470	-
Board of Education	196,997	196,997	196,997	-
Administration	2,344,755	2,344,755	2,344,755	-
Fiscal Services	811,424	811,424	811,424	-
Business	528,432	528,432	528,431	1
Operation and Maintenance of Plant	2,215,798	2,215,798	2,215,798	-
Pupil Transportation	1,139,731	1,139,731	1,139,731	-
Central	436,106	436,106	436,106	-
Operation of Non-Instructional Services				
Community Services	2,435	2,435	2,435	-
Food Services Operations	82,994	82,994	82,994	-
Enterprise Operations	489	489	489	-
Extracurricular Activities	748,123	748,123	748,123	-
Capital Outlay	1,302,479	1,302,479	1,302,478	1
Debt Service:				
Principal	280,000	280,000	280,000	-
Interest & Fiscal Charges	37,888	37,888	37,888	-
Total Expenditures	33,632,888	33,632,888	33,632,161	727
Excess of Revenues Over (Under) Expenditures	718,607	718,607	1,650,967	932,360
Other Financing Sources (Uses)				
Sale of Capital Assets	7,947	7,947	7,947	-
Refund of Prior Year Expenditures	207,522	207,522	207,522	-
Advances In	525,000	525,000	525,000	-
Transfers Out	(11,600,000)	(11,600,000)	(11,600,000)	-
Total Other Financings Sources (Uses)	(10,859,531)	(10,859,531)	(10,859,531)	-
Net Change in Fund Balance	(10,140,924)	(10,140,924)	(9,208,564)	932,360
Fund Balance - Beginning of Year	10,351,889	10,351,889	10,351,889	-
Prior Year Encumbrances Appropriated	640,406	640,406	640,406	-
Fund Balance - End of Year	\$ 851,371	\$ 851,371	\$ 1,783,731	\$ 932,360

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF FUND NET POSITION
PROPRIETARY FUND
JUNE 30, 2020*

	Governmental Activities - Internal Service Fund
ASSETS	
Current Assets:	
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 2,151,861
Total Assets	<u>2,151,861</u>
LIABILITIES	
Current Liabilities:	
Claims Payable	238,545
Total Liabilities	<u>238,545</u>
NET POSITION	
Unrestricted	1,913,316
Total Net Position	<u>\$ 1,913,316</u>

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

	<u>Governmental Activities - Internal Service Fund</u>
OPERATING REVENUES	
Charges for Services	\$ 4,458,026
Miscellaneous	78,552
Total Operating Revenues	<u>4,536,578</u>
OPERATING EXPENSES	
Purchased Services	295,517
Claims	4,025,861
Other	15,828
Total Operating Expenses	<u>4,337,206</u>
Operating Income	<u>199,372</u>
NONOPERATING REVENUES	
Interest	22,921
Total Nonoperating Revenues	<u>22,921</u>
Change in Net Position	222,293
Net Position - Beginning of Year	1,691,023
Net Position - End of Year	<u><u>\$ 1,913,316</u></u>

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 4,458,026
Other Cash Receipts	78,552
Cash Payments for Goods and Services	(295,517)
Cash Payments for Claims	(4,251,084)
Cash Payments for Other Expenses	(17,207)
Net Cash Used in Operating Activities	<u>(27,230)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on Investments	<u>22,921</u>
Net Cash Provided by Investing Activities	<u>22,921</u>
Net Decrease in Cash and Cash Equivalents	(4,309)
Cash and Cash Equivalents - Beginning of Year	<u>2,156,170</u>
Cash and Cash Equivalents - End of Year	<u><u>\$ 2,151,861</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED USED IN OPERATING ACTIVITIES	
Operating Income	\$ 199,372
Adjustments:	
(Decrease) in Liabilities:	
Accounts Payable	(1,379)
Claims Payable	(225,223)
Net Cash Used In Operating Activities	<u><u>\$ (27,230)</u></u>

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020*

	Private Purpose Trust	Agency Funds
Assets		
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 108,741	\$ 77,568
Investments in Segregated Accounts	294,998	-
Total Assets	403,739	77,568
Liabilities		
Accounts Payable	-	92
Undistributed Monies	-	2,400
Due to Students	-	75,076
Total Liabilities	-	77,568
Net Position		
Held in Trust for Scholarships	403,739	
Total Net Position	\$ 403,739	

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

	Private Purpose Trust
Additions	
Gifts and Donations	\$ 22,752
Investment Earnings	(13,907)
	<hr/>
<i>Total Additions</i>	8,845
	<hr/>
Deductions	
Payments in Accordance with Trust Agreements	35,572
	<hr/>
<i>Change in Net Position</i>	(26,727)
	<hr/>
<i>Net Position Beginning of Year</i>	430,466
	<hr/>
<i>Net Position End of Year</i>	\$ 403,739
	<hr/> <hr/>

See accompanying notes to the basic financial statements.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

Note 1 - Description of the School District and Reporting Entity

The Ashland City School District (the “School District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District’s six instructional/support facilities.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that 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. 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; (3) the School District is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; (4) or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with the Tri-County Computer Service Association (TCCSA), which is defined as a jointly governed organization. A jointly governed organization is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding this organization is presented in Note 14.

The Ashland Public Library (the “Library”) is a related organization to the School District. The school board cannot influence the Library’s operation, nor does the Library represent a potential financial benefit or burden to the School District. The School District serves in a ministerial capacity as the taxing authority for the Library. Once the Library determines to present a levy to the voters, including the determination of the rate and duration, the School District must place the levy on the ballot. The Library may not issue debt and determines its own budget. The Library did not receive any funding from the School District during fiscal year 2020.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses.

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, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the 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. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

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

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

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

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

Permanent Improvement Fund The permanent improvement fund accounts for resources received from property taxes and donations to be used for the acquisition, construction, or improvement of capital facilities.

Building Fund The Building fund accounts for capital building projects restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities.

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

Proprietary Funds Proprietary funds focus on the determination of changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The School District's only proprietary fund is an internal service fund.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for a self-insurance program for employee medical and prescription benefits.

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 agency 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 therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust fund, which accounts for several scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only agency funds account for student activities, CPR certification and athletic tournaments.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

All assets and deferred outflows of resources and all 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 (i.e., revenues) and decreases (i.e., 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 and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its internal service fund activity.

Private purpose trust funds are reported using the economic resources measurement focus and are excluded from the government-wide financial statements. Agency funds do not report a measurement focus as they do not report operations.

Basis of Accounting

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

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of the fiscal year-end. Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, payments in lieu of taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes and payments in lieu of taxes are recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the 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 a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Inflows of Resources and Deferred Outflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Note 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue may include delinquent property taxes, and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Note 11 and 12).

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

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

Budgetary Process

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. Budgetary modifications at this level require a resolution of the Board of Education. The Treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

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

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

Cash and Investments

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

During fiscal year 2020, School District's investments were limited to STAR Ohio, negotiable certificates of deposit, commercial paper, U.S. Government Agency Notes, U.S. Treasury Bills, and money market mutual funds.

In previous fiscal years, the School District received donated stocks, which are reported in a permanent endowment fund as "Investments in Segregated Accounts." The stocks are carried at fair value and are not to be sold. The dividends are used for expenditures of this fund.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

During fiscal year 2020, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The 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.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

For the fiscal year 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million.

STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Investment earnings (including fair market value adjustments for investments) credited to the general fund during fiscal year 2020 amounted to \$274,450, which includes \$180,561 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as “equity in pooled cash and investments.” Investments with an original maturity of more than three months that are not made from the pool are reported as “investments.”

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. 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.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	5-20 years
Buildings and Improvements	20-40 years
Furnitures, Fixtures and Equipment	15-20 years
Vehicles	8 years

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

Interfund Balances

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee’s wage rates at fiscal year-end, taking into consideration any limits specified in the School District’s termination policy.

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

On the governmental fund statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “matured compensated absences payable” in the funds from which the employee will be paid.

Pensions/Other Postemployment Benefits (OPEB)

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan’s fiduciary net position is not sufficient for payment of those benefits.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position applies.

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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 – The 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 – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. 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 Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

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 – 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.

Interfund Activity

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as non-operating.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2020.

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.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

Note 3 – Change in Accounting Principles

During the fiscal year, the School District implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*). The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statements information for certain component units. The implementation of this Statement did not have an effect on the financial statements of the School District.

GASB Statement No. 95, *Postponement of the Effect Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The School District has postponed the implementation of GASB Statement No. 90 and GASB Statement No. 84.

Note 4 - Accountability

Fund balances at June 30, 2020 included the following individual fund deficits:

<i>Major Fund</i>	
Permanent Improvement	\$ 970,169
<i>Non-major Special Revenue Funds</i>	
Food Service	133,083
IDEA -B	32,440
Title I	63,602
Tilte II-A	8,573
Miscellaneous Federal Grants	4,259

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

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**ASHLAND CITY SCHOOL DISTRICT
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*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as restricted, assigned or committed fund balance (GAAP).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets.

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

Net Change in Fund Balance	
GAAP Basis	\$ (9,536,128)
Net Adjustment for Revenue Accruals	1,491,636
Net Adjustment for Expenditure Accruals	(262,387)
Net Adjustment for Other Financing Sources	732,522
Funds with Separate Legally Adopted Budgets	4,483
Adjustment for Encumbrances	(1,638,690)
Budget Basis	\$ (9,208,564)

As part of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes faculty lounge, uniform school supplies, adult education, rotary, public school support and unclaimed monies funds.

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Note 6 - Deposits and Investments

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the 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, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);

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7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

Deposits with Financial Institutions

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. Protection of the School District's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC), as well as qualified securities pledged by the institution holding the assets. Ohio law requires that deposits either be insured or protected by:

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

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

At fiscal year-end, the carrying amount of the School District's deposits was \$4,487,520 which includes \$74 of cash on hand. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2020, \$4,252,099 of the District's bank balance of \$4,567,957 was covered by Federal Depository Insurance and \$187,742 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name, and \$128,116 was uninsured and uncollateralized.

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The District's financial institution was approved for a reduced collateral rate of fifty percent through the Ohio Pooled Collateral System, resulting in the uninsured and uncollateralized balance.

Investments

As of June 30, 2020, the School District had the following investments:

Investment Type	Measurement Value	S&P Global Ratings	Level Input	Investment Maturities (in Years)		
				<1	1-3	3-5
STAR Ohio	\$ 1,915,825	AAAm	N/A	\$ 1,915,825	\$ -	\$ -
U.S Treasury Bill	294,981	A-1+	2	294,981	-	-
U.S Government Agency Note	789,064	A-1+	2	789,064	-	-
Certificates of Deposit	4,549,530	N/A	2	3,250,561	1,298,969	-
Commercial Paper	1,827,390	A-1/A-1+	2	1,827,390	-	-
Money Market Funds	3,785	N/A	2	3,785	-	-
Total Investments	\$ 9,380,575			\$ 8,081,606	\$ 1,298,969	\$ -

All investments are in an internal investment pool. STAR Ohio is measured at net asset value (NAV) per share while all other investments are measured at fair value. 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. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs). The table above identifies the School District's recurring fair value measurement as of June 30, 2020. As previously discussed, Star Ohio is reported at its net asset value.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk The School District's investments at June 30, 2020 are rated as shown above by S&P Global Ratings. STAR Ohio carries a rating of AAAm, U.S Governmental Agency Notes and U.S. Treasury Bills carry a rating of A-1+, and Commercial Paper carries rating of A-1/A-1+ by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the 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.

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The School District has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee. The School District's investment in negotiable certificates of deposit was fully insured by Federal depository insurance.

Concentration of Credit Risk. The School District places no limit on the amount that may be invested in any one issuer. The table above includes the percentage to total of each investment type held by non-endowment funds of the School District at June 30, 2020:

Investment Type	Measurement Value	Percent of Total
STAR Ohio	\$ 1,915,825	20.43%
U.S Treasury Bill	294,981	3.14%
U.S Government Agency Note	789,064	8.41%
Certificates of Deposit	4,549,530	48.50%
Commercial Paper	1,827,390	19.48%
Money Market Funds	3,785	0.04%
Total Investments	<u>\$ 9,380,575</u>	<u>100.00%</u>

Investments – Private Purpose Trust Fund

As of June 30, 2020, the School District's permanent endowment fund had the following investments:

Investment Type	Measurement Amount	Percent of Total
Stocks:		
AT&T	\$ 145,920	49.46%
CenturyLink, Inc.	963	0.33%
ComCast	58,314	19.77%
Exelon	7,258	2.46%
NCR Corp.	1,782	0.60%
Teradata	2,140	0.73%
Verizon	72,386	24.54%
Frontier	2	0.00%
Vodaphone	6,233	2.11%
Total	<u>\$ 294,998</u>	<u>100%</u>

These investments were donated in a prior year and the principal amount is non-expendable.

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District.

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Real property tax revenue received in calendar year 2020 represents collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of January 1, 2019, the lien date.

Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2020 represents collections of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien December 31, 2018, were levied after April 1, 2019 and are collected in 2020 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Ashland and Richland Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available as an advance at June 30, 2020 in the general, bond retirement, permanent improvement and classroom facilities maintenance funds were \$4,872,202, \$344,865, \$179,822, and \$24,317, respectively. The amount available for advance at June 30, 2019, in the general, bond retirement, permanent improvement and classroom facilities maintenance funds were \$6,698,890, \$530,351, \$255,804, and \$35,345, respectively. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2020 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

The assessed values upon which the fiscal year 2020 taxes were collected are:

	2019 Second- Half Collections		2020 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 471,415,210	90.82%	\$ 477,718,310	83.15%
Public Utility Personal	47,670,560	9.18%	96,787,990	16.85%
Total Assessed Values	<u>\$ 519,085,770</u>	<u>100.00%</u>	<u>\$ 574,506,300</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$ 65.60</u>		<u>\$ 65.15</u>	

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Note 8 - Receivables

Receivables at June 30, 2020, consisted of taxes, interfund and intergovernmental grants. 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 fiscal year guarantee of Federal Funds. All receivables except property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Note 9 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Balance 6/30/2019	Additions	Deletions	Balance 6/30/2020
<u>Governmental Activities</u>				
Capital Assets, not being depreciated:				
Land	\$ 2,804,234	\$ -	\$ -	\$ 2,804,234
Construction in Progress	5,372,709	10,444,908	(5,525,911)	10,291,706
Total Capital Assets, not being depreciated	8,176,943	10,444,908	(5,525,911)	13,095,940
Capital Assets, being depreciated:				
Land Improvements	2,909,213	569,231	-	3,478,444
Buildings and Improvements	56,850,642	4,983,075	-	61,833,717
Furniture, Fixtures and Equipment	5,456,389	49,129	(48,932)	5,456,586
Vehicles	1,898,822	200,618	(125,825)	1,973,615
Total Capital Assets, being depreciated	67,115,066	5,802,053	(174,757)	72,742,362
Less Accumulated Depreciation:				
Land Improvements	(2,759,441)	(42,997)	-	(2,802,438)
Buildings and Improvements	(9,877,955)	(756,920)	-	(10,634,875)
Furniture, Fixtures and Equipment	(3,843,190)	(201,863)	48,116	(3,996,937)
Vehicles	(1,278,531)	(31,712)	113,242	(1,197,001)
Total Accumulated Depreciation	(17,759,117)	(1,033,492)	161,358	(18,631,251)
Total Capital Assets being depreciated, Net	49,355,949	4,768,561	(13,399)	54,111,111
Governmental Activities Capital Assets, Net	\$ 57,532,892	\$ 15,213,469	\$ (5,539,310)	\$ 67,207,051

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Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	\$	194,121
Special		1,963
Vocational		1,469
Support Services:		
Pupil		2,234
Instructional Staff		325,782
Administration		1,622
Fiscal Services		1,682
Operation and Maintenance of Plant		65,183
Pupil Transportation		163,479
Central		3,893
Operation of Non-Instructional Services		
Food Service		121,461
Extracurricular Activities		150,603
Total Depreciation Expense		<u><u>\$ 1,033,492</u></u>

Note 10 - 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 in the past three years nor has insurance coverage been significantly reduced in the current year.

The School District uses an internal service fund to record and report its self-funded health care insurance program. The claims liability of \$238,545 reported in the fund at year end, was estimated by third party administrators and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The School District purchases stop-loss coverage of \$100,000 per employee.

Changes in fund's claims liability for the fiscal years 2020 and 2019 are as follows:

	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2019	\$ 116,671	\$ 3,784,942	\$ 3,437,845	\$ 463,768
2020	\$ 463,768	\$ 4,025,861	\$ 4,251,084	\$ 238,545

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

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Note 11 - 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.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description –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.

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Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on 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.

The cost-of-living adjustment (COLA) is based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

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, 2020, the allocation to pension, death benefits, and Medicare B was the entire 14 percent.

The School District’s contractually required contribution to SERS was \$481,481 for fiscal year 2020. Of this amount \$29,609 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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 will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service.

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Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for DB plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. 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, 13.0 of the 14.0 percent member rates goes to the DC Plan and the remaining 2.0 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 services. 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 in the GASB 68 schedules of employer allocation and pension amounts by employer.

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 that 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, 2020, 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 2020 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contributions to STRS were \$2,062,241 for fiscal year 2020. Of this amount \$320,408 is reported as an intergovernmental payable.

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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, 2019, 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	0.1076609%	0.1356433%	
Proportion of the Net Pension Liability Current Measurement Date	<u>0.1029405%</u>	<u>0.1323836%</u>	
Change in Proportionate Share	<u>-0.0047204%</u>	<u>-0.0032597%</u>	
Proportionate Share of the Net Pension Liability	\$ 6,159,110	\$ 29,275,843	\$ 35,434,953
Pension Expense	\$ 877,906	\$ 3,671,427	\$ 4,549,333

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 156,181	\$ 238,354	\$ 394,535
Changes of assumptions	-	3,439,012	3,439,012
Changes in proportion and differences between contributions and proportionate share of contributions	25,423	390,345	415,768
School District contributions subsequent to the measurement date	<u>481,481</u>	<u>2,062,241</u>	<u>2,543,722</u>
Total Deferred Outflows of Resources	<u>\$ 663,085</u>	<u>\$ 6,129,952</u>	<u>\$ 6,793,037</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ -	\$ 126,728	\$ 126,728
Net difference between projected and actual earnings on pension plan investments	79,061	1,430,848	1,509,909
Changes in proportion and differences between contributions and proportionate share of contributions	<u>156,477</u>	<u>917,148</u>	<u>1,073,625</u>
Total Deferred Inflows of Resources	<u>\$ 235,538</u>	<u>\$ 2,474,724</u>	<u>\$ 2,710,262</u>

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\$2,543,722 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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	\$ 93,596	\$ 1,567,677	\$ 1,661,273
2022	(187,105)	367,750	180,645
2023	(5,263)	(376,806)	(382,069)
2024	44,838	34,366	79,204
Total	\$ (53,934)	\$ 1,592,987	\$ 1,539,053

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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The mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates is used to evaluate allowances to be paid. The RP-2000 Disabled Mortality Table with 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 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 assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
International Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

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 table on the next page 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.

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	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's Proportionate Share of the Net Pension Liability	\$ 8,631,116	\$ 6,159,110	\$ 4,086,025

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation:

Inflation	2.50 percent
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
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments	0.0 percent

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

Actuarial assumptions used in the July 1, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. 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. 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, 2019. 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, 2019.

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 (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$ 42,783,385	\$ 29,275,843	\$ 17,841,019

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2020, three Board of Education Members had elected Social Security. The School District's liability is 6.2 percent of wages paid.

Note 12 – Defined Benefit OPEB Plans

The net OPEB liability and net OPEB asset reported on the statement of net position represent 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.

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The net OPEB liability and net OPEB 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 and net OPEB asset calculations are 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 and net OPEB asset. Resulting adjustments to the net OPEB liability and net OPEB 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* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The 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.

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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 2020, there was no contribution made to health care. A health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. 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.

The surcharge is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$66,975 for fiscal year 2020. The full amount is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be 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.

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, 2020, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability and net OPEB asset were measured as of June 30, 2019, and the total OPEB liability and net OPEB asset used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability and net OPEB asset were based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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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	0.1093062%	0.1356433%	
Proportion of the Net OPEB Liability/(Asset)			
Current Measurement Date	<u>0.1053203%</u>	<u>0.1323836%</u>	
Change in Proportionate Share	<u>-0.0039859%</u>	<u>-0.0032597%</u>	
Proportionate Share of the Net			
OPEB Liability/(Asset)	\$ 2,648,584	\$ (2,192,590)	\$ 455,994
OPEB Expense	\$ 66,078	\$ (655,768)	\$ (589,690)

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 38,879	\$ 198,775	\$ 237,654
Changes of assumptions	193,449	46,088	239,537
Net difference between projected and actual earnings on OPEB plan investments	6,357	-	6,357
Changes in proportion and differences between contributions and proportionate share of contributions	58,541	101,335	159,876
School District contributions subsequent to the measurement date	<u>66,975</u>	<u>-</u>	<u>66,975</u>
Total Deferred Outflows of Resources	<u>\$ 364,201</u>	<u>\$ 346,198</u>	<u>\$ 710,399</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$ 581,876	\$ 111,551	\$ 693,427
Changes of assumptions	148,419	2,403,919	2,552,338
Net difference between projected and actual earnings on OPEB plan investments	-	137,711	137,711
Changes in proportion and differences between contributions and proportionate share of contributions	<u>90,571</u>	<u>38,270</u>	<u>128,841</u>
Total Deferred Inflows of Resources	<u>\$ 820,866</u>	<u>\$ 2,691,451</u>	<u>\$ 3,512,317</u>

\$66,975 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, 2021.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	\$ (154,770)	\$ (507,872)	\$ (662,642)
2022	(81,663)	(507,874)	(589,537)
2023	(79,797)	(452,682)	(532,479)
2024	(80,100)	(433,318)	(513,418)
2025	(85,351)	(446,686)	(532,037)
Thereafter	(41,959)	3,179	(38,780)
Total	\$ (523,640)	\$ (2,345,253)	\$ (2,868,893)

Actuarial Assumptions - SERS

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

Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination. Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	3.22 percent
Prior Measurement Date	3.70 percent
Medical Trend Assumption	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 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.

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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 3.13 percent, as of June 30, 2019 (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 (2.22%) and higher (4.22%) than the current discount rate (3.22%). 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.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
School District's proportionate share of the net OPEB liability	\$ 3,214,879	\$ 2,648,584	\$ 2,198,313

	1% Decrease (6.00 % decreasing to 3.75 %)	Current Trend Rate (7.00 % decreasing to 4.75 %)	1% Increase (8.00 % decreasing to 5.75 %)
School District's proportionate share of the net OPEB liability	\$ 2,122,052	\$ 2,648,584	\$ 3,347,164

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation is 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	Initial	Ultimate
Medical		
Pre-Medicare	5.87 percent	4.00 percent
Medicare	4.93 percent	4.00 percent
Prescription Drug		
Pre-Medicare	7.73 percent	
Medicare	9.62 percent	4.00 percent

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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, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Benefit Term Changes Since the Prior Measurement Date Claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984 per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

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

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

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

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019. 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, 2019.

Sensitivity of the School 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, 2019, 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 (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	\$ 1,870,939	\$ 2,192,590	\$ 2,463,024
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ 2,486,297	\$ 2,192,590	\$ 1,832,871

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**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

Note 13 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2020 were as follows:

	Balance as of 7/1/2019	Issuances	Retirements	Balance as of 6/30/2020	Amounts Due In One Year
<i>General Obligation Bonds</i>					
Classroom Facilities and School Improvement Bonds					
Serial and Term Bonds	\$ 8,590,000	\$ -	\$ (260,000)	\$ 8,330,000	\$ 360,000
Unamortized Premium	88,677	-	(3,855)	84,822	-
Discount	(70,604)	-	3,070	(67,534)	-
Classroom Facilities and School Improvement Bonds					
Serial and Term Bonds	16,605,000	-	-	16,605,000	-
Capital Appreciation Bonds	32,870	-	(22,930)	9,940	9,940
Accretion on Capital Appreciation Bonds	209,898	91,455	(232,070)	69,283	-
Unamortized Premium	650,096	-	(21,670)	628,426	-
Discount	(420,980)	-	14,033	(406,947)	-
Energy Conservation Improvement Refunding Bonds					
Serial and Term Bonds	1,460,000	-	(280,000)	1,180,000	285,000
Unamortized Premium	14,633	-	(3,659)	10,974	-
<i>Total General Obligation Bonds</i>	<u>27,159,590</u>	<u>91,455</u>	<u>(807,081)</u>	<u>26,443,964</u>	<u>654,940</u>
Total Net Pension Liability					
STRS	29,824,920	-	(549,077)	29,275,843	-
SERS	6,165,939	-	(6,829)	6,159,110	-
Total Net OPEB Liability					
SERS	3,032,449	-	(383,865)	2,648,584	-
<i>Total Net Pension and OPEB Liability</i>	<u>39,023,308</u>	<u>-</u>	<u>(939,771)</u>	<u>38,083,537</u>	<u>-</u>
<i>Other Long-Term Obligations</i>					
Compensated Absences	2,337,119	318,225	(392,230)	2,263,114	405,514
<i>Total Governmental Activities</i>	<u>\$ 68,520,017</u>	<u>\$ 409,680</u>	<u>\$ (2,139,082)</u>	<u>\$ 66,790,615</u>	<u>\$ 1,060,454</u>

2013 Classroom Facilities and School Improvement Bonds – Series A

On April 5, 2013, the School District issued \$9,890,000 of general obligation bonds, which included serial and term bonds in the amount of \$5,900,000 and \$3,990,000, respectively. The bonds were issued for a thirty-year period with final maturity on November 1, 2042.

These improvement bonds were issued with a premium of \$111,807, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The discount of \$89,024 is also being amortized over the life of the bonds using the straight-line method. The serial bonds were issued with varying interest rates of 1.50 to 3.25 percent. The term bonds were issued with varying interest rates of 3.50 to 4.00 percent. The repayment is from the debt service fund.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

2013 Classroom Facilities and School Improvement Bonds – Series B

On April 22, 2013, the School District issued \$17,579,728 of general obligation bonds, which included serial, term and capital appreciation bonds in the amount of \$4,410,000, \$13,055,000 and \$114,728, respectively. The bonds were issued for a thirty-seven-year period with final maturity on November 1, 2049.

These improvements bonds were issued with a premium of \$780,116, which is reported as an increase to bonds payable. The premium amount is being amortized to interest expense over the life of the bonds using the straight-line method. The bonds were issued at a discount of \$505,178 which is reported in the accompanying financial statements as a decrease to bonds payable and is also being amortized over the life of the bonds using the straight-line method.

The \$17,579,728 bond issue consists of serial, term and capital appreciation bonds. The serial bonds were issued with a varying interest rate of 1.25 to 3.375 percent. The term bonds were issued with a varying interest rate of 3.00 to 4.00 percent.

The capital appreciation bonds will mature from November 1, 2017 to November 1, 2020. These bonds were purchased at a discount at the time of issuance and at maturity all compounded interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semiannually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as principal. The maturity amount of the bonds is \$930,000. The repayment is from the debt service fund.

2013 Energy Conservation Improvement Refunding Bonds

On June 26, 2013, the School District issued \$3,045,000 of general obligation serial bonds. The bonds refunded \$2,972,973 of outstanding Energy Conservation Bonds. The bonds were issued for a ten-year period with final maturity at November 1, 2023. At the date of refunding, \$3,081,587 (including premium and after underwriting discount, and other issuance costs) was received to pay off old debt. As a result, \$2,972,973 of the Energy Conservation Bonds is considered to be defeased and the liability for those bonds has been removed from the financial statements. These refunding bonds were issued with a premium of \$36,587, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The School District refunded the Energy Conservation Bonds to save \$106,531 in total debt service payments over the next ten years. The repayment is from the general fund.

Compensated absences are typically paid from the fund from which the employee is paid. In prior years this has primarily been the general fund. The School District pays obligations related to employee compensation from the fund benefitting from their service. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Notes 11 and 12.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2020 are as follows:

Fiscal Year Ending June 30,	Classroom Facilities Serial and Term Bonds		Classroom Facilities Capital Appreciation Bonds		Energy Conservation Refunding Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 360,000	\$ 882,349	\$ 9,940	\$ 150,060	\$ 285,000	\$ 31,175	\$ 654,940	\$ 1,063,584
2022	530,000	872,287	-	-	295,000	23,556	825,000	895,843
2023	540,000	858,913	-	-	300,000	15,000	840,000	873,913
2024	555,000	843,875	-	-	300,000	5,250	855,000	849,125
2025-2029	3,010,000	3,975,062	-	-	-	-	3,010,000	3,975,062
2030-2034	3,485,000	3,487,227	-	-	-	-	3,485,000	3,487,227
2035-2039	4,125,000	2,835,014	-	-	-	-	4,125,000	2,835,014
2040-2044	4,965,000	1,974,519	-	-	-	-	4,965,000	1,974,519
2045-2049	6,015,000	890,500	-	-	-	-	6,015,000	890,500
2050-2054	1,350,000	27,000	-	-	-	-	1,350,000	27,000
	<u>\$ 24,935,000</u>	<u>\$ 16,646,746</u>	<u>\$ 9,940</u>	<u>\$ 150,060</u>	<u>\$ 1,180,000</u>	<u>\$ 74,981</u>	<u>\$ 26,124,940</u>	<u>\$ 16,871,787</u>

Note 14 - Jointly Governed Organization

The Midland Council of Governments dba/Tri-County Computer Services Association is organized under Chapter 167 of the Ohio Revised Code. The Tri-County Computer Services Association (TCCSA) is a jointly governed organization. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts in Ashland, Holmes, Medina and Wayne counties. TCCSA is governed by representatives from each of the participating public-school districts served by TCCSA. TCCSA is recognized as one of twenty-three regional Information Technology Centers (ITC) as defined by the Ohio Department of Education. Each of the participating districts supports TCCSA based upon a per pupil charge dependent upon the software package utilized. Financial information can be obtained by contacting the Executive Director at the Tri-County Computer Services Association located at 2125 Eagle Pass, Wooster, OH 44691.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

Note 15 – Fund Balance

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned 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 constraints placed on fund balance for the major funds and all other governmental funds are presented as follows:

Fund Balances	General	Permanent Improvement	Building	Other Governmental Funds	Total Governmental Funds
<i>Nonspendable</i>					
Unclaimed Monies	\$ 18,909	\$ -	\$ -	\$ -	\$ 18,909
Prepaid Items	31,695	-	-	391	32,086
<i>Total Nonspendable</i>	<u>50,604</u>	<u>-</u>	<u>-</u>	<u>391</u>	<u>50,995</u>
<i>Restricted for</i>					
Debt Service	-	-	-	2,052,025	2,052,025
Capital Outlay	-	-	2,651,137	-	2,651,137
Facilities Maintenance	-	-	-	548,919	548,919
Extracurricular Activities	-	-	-	176,248	176,248
Auxiliary Services	-	-	-	37,094	37,094
Other Purposes	-	-	-	417,842	417,842
<i>Total Restricted</i>	<u>-</u>	<u>-</u>	<u>2,651,137</u>	<u>3,232,128</u>	<u>5,883,265</u>
<i>Assigned to</i>					
FY21 Appropriations	1,579,746	-	-	-	1,579,746
Instruction	154,304	-	-	-	154,304
Support Services	716,659	-	-	-	716,659
Facilities Acquisition & Construction Services	747,561	-	-	-	747,561
<i>Total Assigned</i>	<u>3,198,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,198,270</u>
<i>Unassigned (Deficit)</i>	4,432,633	(970,169)	-	(242,348)	3,220,116
Total Fund Balances	<u><u>\$ 7,681,507</u></u>	<u><u>\$ (970,169)</u></u>	<u><u>\$ 2,651,137</u></u>	<u><u>\$ 2,990,171</u></u>	<u><u>\$ 12,352,646</u></u>

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

Note 16 - Set-Asides

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

The following cash basis information describes the change in the set aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-Aside Balance as of June 30, 2019	\$ -
Current Year Set-Aside Requirements	576,053
Qualifying Offsets	<u>(834,530)</u>
Total	<u>\$ (258,477)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$ -</u>
Set-Aside Balance as of June 30, 2020	<u><u>\$ -</u></u>

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

Note 17 – Contingencies and Commitments

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, 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, 2020.

Litigation

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

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

Contractual Commitments

As of June 30, 2020, the School District had the following contractual commitments:

	Contractual Commitment	Expended	Balance 6/30/2020
High School Renovation Phase I	\$ 9,954,862	\$ 9,477,722	\$ 477,140
High School Renovation Phase II	3,194,328	-	3,194,328
Total	\$ 13,149,190	\$ 9,477,722	\$ 3,671,468

Encumbrance Commitments

Outstanding encumbrances for governmental funds include \$1,618,524 in the general fund, \$205,721 in the permanent improvement fund, \$536,847 in the Building Fund, and \$58,424 in the non-major governmental funds.

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

School District Funding

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2019 are not finalized. As a result, of the fiscal year 2020 reviews, the District is due \$15,915 from ODE. This amount has not been included in the financial statements.

Note 18 – Interfund Activity

Interfund Balances

Interfund balances at June 30, 2020 consist of the following individual fund receivables and payables:

	Interfund Receivable	Interfund Payable
General	\$ 2,081,523	\$ -
Permanent Improvement Fund		2,000,000
Other Governmental Funds	-	81,523
Total	\$ 2,081,523	\$ 2,081,523

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

The primary purpose of the interfund loans is to cover costs in specific funds where revenues were not received by June 30. These interfund loans will be repaid once the anticipated revenues are received. All interfund loans are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2020 are reported on the Statement of Net Position.

Interfund Transfers

During fiscal year 2020, the General fund transferred \$11,000,000 to the Building Fund for the renovation construction cost of the High School and \$600,000 to the Food Service fund to offset the negative balance. Interfund transfers between governmental funds are eliminated in the statement of activities.

Note 19 – Tax Abatements

The City of Ashland and the Ashland City School District entered into Community Redevelopment Area (CRA) and Economic Zone agreements with various businesses for the abatement of property taxes to bring jobs and economic development into the City. Under the agreement, the companies' property taxes assessed to the District have been abated. During fiscal year 2020, the School District's property taxes were reduced by approximately \$489,360.

Note 20 – 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 will 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 decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST SEVEN FISCAL YEARS (1)*

	2020	2019	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.1029405%	0.1076609%	0.1057140%	0.1057359%	0.1074235%	0.110380%	0.110380%
School District's Proportionate Share of the Net Pension Liability	\$ 6,159,110	\$ 6,165,939	\$ 6,316,177	\$ 7,738,892	\$ 6,129,689	\$ 5,586,269	\$ 6,563,944
School District's Covered Payroll	\$ 3,537,844	\$ 3,584,770	\$ 3,460,443	\$ 3,393,114	\$ 3,696,745	\$ 3,415,664	\$ 2,891,243
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	174.09%	172.00%	182.53%	228.08%	165.81%	163.55%	227.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
SCHOOL TEACHERS RETIREMENT SYSTEM OF OHIO
LAST SEVEN FISCAL YEARS (1)*

	2020	2019	2018	2017	2016	2015	2014
School District's Proportion of the Net Pension Liability	0.13238363%	0.13564332%	0.13629974%	0.13298381%	0.13760240%	0.14092896%	0.14092896%
School District's Proportionate Share of the Net Pension Liability	\$ 29,275,843	\$ 29,824,920	\$ 32,378,295	\$ 44,513,690	\$ 38,029,291	\$ 34,278,800	\$ 40,832,683
School District's Covered Payroll	\$ 15,010,279	\$ 15,095,271	\$ 15,123,400	\$ 14,068,743	\$ 14,063,186	\$ 13,767,554	\$ 14,882,831
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	195.04%	197.58%	214.09%	316.40%	270.42%	248.98%	274.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.31%	75.29%	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTION – PENSION
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually Required Contribution	\$ 481,481	\$ 477,609	\$ 483,944	\$ 484,462	\$ 475,036	\$ 487,231	\$ 473,411	\$ 400,148	\$ 548,172	\$ 544,005
Contributions in Relation to the Contractually Required Contribution	<u>(481,481)</u>	<u>(477,609)</u>	<u>(483,944)</u>	<u>(484,462)</u>	<u>(475,036)</u>	<u>(487,231)</u>	<u>(473,411)</u>	<u>(400,148)</u>	<u>(548,172)</u>	<u>(544,005)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District Covered Payroll	\$ 3,439,150	\$ 3,537,844	\$ 3,584,770	\$ 3,460,443	\$ 3,393,114	\$ 3,696,745	\$ 3,415,664	\$ 2,891,243	\$ 4,075,628	\$ 4,327,804
Contributions as a Percentage of Covered Payroll	14.00%	13.50%	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%

See accompanying notes to the required supplementary information

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTION – PENSION
SCHOOL TEACHERS RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually Required Contribution	\$ 2,062,241	\$ 2,101,439	\$ 2,113,338	\$ 2,117,276	\$ 1,969,624	\$ 1,968,846	\$ 1,789,782	\$ 1,934,768	\$ 2,481,832	\$ 2,117,960
Contributions in Relation to the Contractually Required Contribution	<u>(2,062,241)</u>	<u>(2,101,439)</u>	<u>(2,113,338)</u>	<u>(2,117,276)</u>	<u>(1,969,624)</u>	<u>(1,968,846)</u>	<u>(1,789,782)</u>	<u>(1,934,768)</u>	<u>(2,481,832)</u>	<u>(2,117,960)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District Covered Payroll	\$14,730,293	\$15,010,279	\$15,095,271	\$15,123,400	\$14,068,743	\$14,063,186	\$13,767,554	\$14,882,831	\$19,091,015	\$16,292,000
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST FOUR FISCAL YEARS (1)*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School District's Proportion of the Net OPEB Liability	0.1053203%	0.1093062%	0.1067238%	0.1065934%
School District's Proportionate Share of the Net OPEB Liability	\$ 2,648,584	\$ 3,032,449	\$ 2,864,186	\$ 3,038,305
School District's Covered Payroll	\$ 3,537,844	\$ 3,584,770	\$ 3,460,443	\$ 3,393,114
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	74.86%	84.59%	82.77%	89.54%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY/ASSET
SCHOOL TEACHERS RETIREMENT SYSTEM OF OHIO
LAST FOUR FISCAL YEARS (1)*

	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability/Asset	0.13238363%	0.13564332%	0.13629974%	0.13298381%
School District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (2,192,590)	\$ (2,179,650)	\$ 5,317,913	\$ 7,112,009
School District's Covered Payroll	\$ 15,010,279	\$ 15,095,271	\$ 15,123,400	\$ 14,068,743
School District's Proportionate Share of the Net OPEB Liability/Asset as a Percentage of its Covered Payroll	-14.61%	-14.44%	35.16%	50.55%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	174.74%	176.00%	47.11%	37.30%

(1) Information prior to 2017 is not available. Schedule is intended to show ten years of information, and additional information will be displayed as it becomes available.

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

See accompanying notes to the required supplementary information

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS - OPEB
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS*

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contribution (1)	\$ 66,975	\$ 81,160	\$ 77,350	\$ 69,385	\$ 51,541	\$ 84,434	\$ 54,788	\$ 52,251	\$ 20,510	\$ 52,705
Contributions in Relation to the Contractually Required Contribution	<u>(66,975)</u>	<u>(81,160)</u>	<u>(77,350)</u>	<u>(69,385)</u>	<u>(51,541)</u>	<u>(84,434)</u>	<u>(54,788)</u>	<u>(52,251)</u>	<u>(20,510)</u>	<u>(52,705)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School District Covered Payroll	\$3,439,150	\$3,537,844	\$3,584,770	\$3,460,443	\$3,393,114	\$3,696,745	\$3,415,664	\$2,891,243	\$4,075,628	\$4,327,804
OPEB Contributions as a Percentage of Covered Payroll (1)	1.95%	2.29%	2.16%	2.01%	1.52%	2.28%	1.60%	1.81%	0.50%	1.22%

(1) Includes Surcharge

See accompanying notes to the required supplementary information

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

*REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS - OPEB
SCHOOL TEACHERS RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 137,676	\$ 148,828	\$ 177,274	\$ 151,283
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(137,676)</u>	<u>(148,828)</u>	<u>(177,274)</u>	<u>(151,283)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District Covered Payroll	\$ 14,730,293	\$ 15,010,279	\$ 15,095,271	\$ 15,123,400	\$ 14,068,743	\$ 14,063,186	\$ 13,767,554	\$ 14,882,831	\$ 17,727,400	\$ 15,128,300
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Net Pension Liability

Changes of benefit terms- SERS

There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017 and 2019-2020.

The following changes were made to the benefit terms in 2018 as identified: The COLA was changed from a fixed 3.00% to a COLA that is indexed to CPI-W not greater than 2.5% with a floor of 0% beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018-2020.

Changes in assumptions- SERS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016 and 2018-2020. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement (h) change in discount rate from 7.75% to 7.5%.

Changes in benefit terms – STRS

There were no changes in benefit terms from the amounts reported for fiscal years 2014-2020.

Changes in assumptions – STRS

There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017 and 2019-2020. For fiscal year 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) inflation assumption lowered from 2.75% to 2.50%, (b) investment return assumption lowered from 7.75% to 7.45%, (c) total salary increases rates lowered by decreasing the merit component of the individual salary increases, as well as by 0.25% due to lower inflation, (d) payroll growth assumption lowered to 3.00%, (e) updated the healthy and disable mortality assumption to the “RP-2014” mortality tables with generational improvement scale MP-2016, (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

Net OPEB Liability

Changes of benefit terms- SERS

There were no changes in benefit terms from the amounts reported for fiscal years 2018-2020.

Changes in Assumptions – SERS

Amounts reported for fiscal years 2018-2020 incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

Municipal Bond Index Rate:

Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

**Single Equivalent Interest Rate, net of plan investment expense,
including price inflation**

Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Medicare Trend Assumption

Medicare

Fiscal year 2020	5.25 percent decreasing to 4.75 percent
Fiscal year 2019	5.375 percent decreasing to 4.75 percent
Fiscal year 2018	5.50 percent decreasing to 5.00 percent

Pre - Medicare

Fiscal year 2020	7.00 percent decreasing to 4.75 percent
Fiscal year 2019	7.25 percent decreasing to 4.75 percent
Fiscal year 2018	7.50 percent decreasing to 5.00 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY, OHIO**

NOTES TO SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

For fiscal year 2020, the health care cost trend rates were modified.

Changes in Benefit Terms – STRS

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2020, claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984 per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR <i>Pass Through Grantor</i>	Federal CFDA Number	Expenditures
Program Title		
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	\$ 48,816
Cash Assistance:		
National School Lunch Program	10.555	309,063
COVID-19 - National School Lunch Program	10.555	164,614
School Breakfast Program	10.553	101,286
COVID-19 - School Breakfast Program	10.553	81,254
Cash Assistance Subtotal:		<u>656,217</u>
Total Child Nutrition Cluster		705,033
Total U.S. Department of Agriculture		<u>705,033</u>
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010	732,826
Special Education Cluster:		
Special Education_Grants to States	84.027	544,045
Special Education_Preschool Grants	84.173	38,836
Total Special Education Cluster		<u>582,881</u>
Improving Teacher Quality State Grants	84.367	135,831
Student Support and Academic Enrichment Program	84.424	66,540
COVID-19 - Education Stabilization Fund	84.425D	150,000
Total Passed Through Ohio Department of Education		<u>1,668,078</u>
Total U.S. Department of Education		<u>1,668,078</u>
Total Federal Awards Expenditures		<u>\$ 2,373,111</u>

The accompanying notes are an integral part of this schedule.

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Ashland City School District, Ashland County (the School District) under programs of the federal government for the year ended June 30, 2020. 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, changes in net position, or cash flows 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

Ashland City School District
Ashland County
1407 Claremont Avenue
Ashland, Ohio 44805

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 Ashland City School District, Ashland County, (the School District) as of and for the year ended June 30, 2020, 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 March 2, 2021, wherein we noted financial impact of COVID-19 and the continuing emergency measures will 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) to determine the 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 determination of financial statement amounts. 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

March 2, 2021

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

Ashland City School District
Ashland County
1407 Claremont Avenue
Ashland, Ohio 44805

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Ashland City 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 the Ashland City School District's major federal program for the year ended June 30, 2020. 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, Ashland City 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, 2020.

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 the 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 compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Keith Faber
Auditor of State
Columbus, Ohio

March 2, 2021

**ASHLAND CITY SCHOOL DISTRICT
ASHLAND 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):	CFDA #84.010 – Title I Grants to Local Educational Agencies
(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

OHIO AUDITOR OF STATE KEITH FABER



ASHLAND CITY SCHOOL DISTRICT

ASHLAND 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 4/6/2021

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This report is a matter of public record and is available online at
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