



OHIO AUDITOR OF STATE  
**KEITH FABER**





**CHILLICOTHE CITY SCHOOL DISTRICT  
ROSS COUNTY  
JUNE 30, 2020**

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CHILLICOTHE CITY SCHOOL DISTRICT  
ROSS COUNTY  
JUNE 30, 2020

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## INDEPENDENT AUDITOR'S REPORT

Chillicothe City School District  
Ross County  
425 Yoctangee Parkway  
Chillicothe, Ohio 45601

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Chillicothe City School District, Ross County, Ohio (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Chillicothe City School District, 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 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

The 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 April 14, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio  
April 14, 2021

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**Chillicothe City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(Unaudited)*

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Chillicothe City School District's (School District) discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**FINANCIAL HIGHLIGHTS**

- The School District's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2020 by \$8,630,237.
- The School District's net position of governmental activities decreased \$2,229,433. Net position of business-type activities decreased \$10,316.
- General revenues accounted for \$33,661,116 or 78 percent of total revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$9,604,768 or 22 percent of total revenues of \$43,265,884.
- The School District had \$45,447,485 in expenses related to governmental activities; only \$9,599,534 of these expenses were offset by program specific charges for services and sales, operating grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$33,618,518 and beginning net position were adequate to provide for these programs.

**USING THIS ANNUAL FINANCIAL REPORT**

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the Chillicothe City School District's financial situation as a whole and also give a detailed view of the School District's financial activities.

The statement of net position and statement of activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's 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 the amount of funds available 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. In the case of the School District, the General Fund and Debt Service Fund are the major funds.

**REPORTING THE SCHOOL DISTRICT AS A WHOLE**

***Statement of Net Position and Statement of Activities***

These reports provide information that will help the reader to determine whether the School District is financially improving or declining as a result of the year's financial activities. These statements include all assets, liabilities, and deferred inflows/outflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net position and change in net position. This change informs the reader whether the School District's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the School District's financial well-being. Some of these factors

**Chillicothe City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(Unaudited)*

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include the School District's tax base, current property tax laws in Ohio restricting revenue growth, the condition of capital assets, and required educational programs.

In the statement of net position and the statement of activities, the School District has two kinds of activity, governmental and business-type.

- **Governmental Activities.** Most of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities, and debt service.
- **Business-Type Activities.** These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District's Cavalier Athletic Center Fund is reported as a business-type activity.

## **REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS**

### ***Fund Financial Statements***

Fund financial statements provide detailed information about the School District's major funds – not the School District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the School District is meeting legal responsibilities for use of grants. The Chillicothe City School District's major funds are the General and Debt Service Funds.

**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 the modified accrual basis of accounting, which measures cash and all other financial assets that can be readily 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 to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or difference) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements.

**Proprietary Funds.** Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

**Fiduciary Funds.** The School District acts in trustee capacity as an agent for individuals. These activities are reported in agency funds. All of the School District's fiduciary activities are reported in a separate statement of fiduciary assets and liabilities. 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.

## **THE SCHOOL DISTRICT AS A WHOLE**

As stated previously, 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.

**Chillicothe City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(Unaudited)*

Table 1  
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Assets:</b>						
Current and Other Assets	\$34,717,804	\$36,950,752	(\$4,366)	\$0	\$34,713,438	\$36,950,752
Capital Assets, Net	75,435,355	76,899,588	0	0	75,435,355	76,899,588
<b>Total Assets</b>	<b>110,153,159</b>	<b>113,850,340</b>	<b>(4,366)</b>	<b>0</b>	<b>110,148,793</b>	<b>113,850,340</b>
<b>Deferred Outflows of Resources</b>						
	6,856,523	9,478,063	0	0	6,856,523	9,478,063
<b>Liabilities:</b>						
Current and Other Liabilities	4,234,266	5,091,553	5,950	0	4,240,216	5,091,553
Long-Term Liabilities	86,205,899	88,739,147	0	0	86,205,899	88,739,147
<b>Total Liabilities</b>	<b>90,440,165</b>	<b>93,830,700</b>	<b>5,950</b>	<b>0</b>	<b>90,446,115</b>	<b>93,830,700</b>
<b>Deferred Inflows of Resources</b>						
	17,928,964	18,627,717	0	0	17,928,964	18,627,717
<b>Net Position:</b>						
Net Investment in Capital Assets	30,564,863	29,523,270	0	0	30,564,863	29,523,270
Restricted	7,540,421	7,265,268	0	0	7,540,421	7,265,268
Unrestricted (Deficit)	(29,464,731)	(25,918,552)	(10,316)	0	(29,475,047)	(25,918,552)
<b>Total Net Position</b>	<b>\$8,640,553</b>	<b>\$10,869,986</b>	<b>(\$10,316)</b>	<b>\$0</b>	<b>\$8,630,237</b>	<b>\$10,869,986</b>

The decrease of \$2,237,314 in current and other assets is primarily due to a decrease in cash and cash equivalents for spending for the Ohio School Facilities Commission project. The decrease of \$1,464,233 in capital assets, net is due to current year depreciation expense and deletions exceeding current year additions. Deferred outflows of resources decreased \$2,621,540 due to actuarially determined changes related to the School District's proportionate share of the state-wide net pension and OPEB liabilities.

Current and other liabilities decreased \$851,337 due to a decrease in accounts and contracts payable and early retirement incentive payable. The decrease of \$2,533,248 in long-term liabilities is due to principal payments on debt obligations, as well as decreases in net pension and OPEB liabilities. Deferred inflows of resources decreased by \$698,753 due to actuarially determined changes related to the School District's proportionate share of the state-wide net pension and OPEB liabilities.

Table 2 shows the changes in net position for the fiscal years ended June 30, 2020 and June 30, 2019.

**Chillicothe City School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)

Table 2  
Net Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
	Revenues					
Program Revenues:						
Charges for Services and Sales	\$2,368,139	\$2,355,305	\$5,234	\$0	\$2,373,373	\$2,355,305
Operating Grants, Contributions, and Interest	6,920,608	6,008,631	0	0	6,920,608	6,008,631
Capital Grants, Contributions, and Interest	310,787	104,096	0	0	310,787	104,096
Total Program Revenues	9,599,534	8,468,032	5,234	0	9,604,768	8,468,032
General Revenues						
Property Taxes and Payments in Lieu	15,646,960	13,745,344	0	0	15,646,960	13,745,344
Unrestricted Grants and Entitlements	17,175,384	17,890,799	0	0	17,175,384	17,890,799
Unrestricted Gifts and Donations	6,358	3,726	0	0	6,358	3,726
Gain on Sale of Assets	251,957	0	0	0	251,957	0
Investment Earnings	294,816	417,277	16	0	294,832	417,277
Insurance Recoveries	0	2,965	0	0	0	2,965
Miscellaneous	243,043	204,665	42,582	0	285,625	204,665
Total General Revenues	33,618,518	32,264,776	42,598	0	33,661,116	32,264,776
Total Revenues	43,218,052	40,732,808	47,832	0	43,265,884	40,732,808
Program Expenses						
Instruction						
Regular	16,310,016	13,129,715	0	0	16,310,016	13,129,715
Special	6,146,684	5,124,275	0	0	6,146,684	5,124,275
Vocational	151,351	55,867	0	0	151,351	55,867
Student Intervention Services and Other	8,000	0	0	0	8,000	0
Other	5,964,128	5,514,617	0	0	5,964,128	5,514,617
Support Services						
Pupils	2,287,939	1,751,475	0	0	2,287,939	1,751,475
Instructional Staff	1,045,719	730,151	0	0	1,045,719	730,151
Board of Education	105,451	116,627	0	0	105,451	116,627
Administration	2,666,829	2,414,485	0	0	2,666,829	2,414,485
Fiscal and Business	888,282	825,553	0	0	888,282	825,553
Operation and Maintenance of Plant	3,350,845	4,037,359	0	0	3,350,845	4,037,359
Pupil Transportation	1,535,501	1,356,360	0	0	1,535,501	1,356,360
Central	455,980	443,987	0	0	455,980	443,987
Operation of Non-Instructional Services	1,972,229	2,106,375	0	0	1,972,229	2,106,375
Extracurricular Activities	891,108	838,246	0	0	891,108	838,246
Interest and Fiscal Charges	1,667,423	1,696,886	0	0	1,667,423	1,696,886
Cavalier Athletic Center	0	0	58,148	0	58,148	
Total Expenses	45,447,485	40,141,978	58,148	0	45,505,633	40,141,978
Change in Net Position	(2,229,433)	590,830	(10,316)	0	(2,239,749)	590,830
Net Position at Beginning of Year	10,869,986	10,279,156	0	0	10,869,986	10,279,156
Net Position at End of Year	\$8,640,553	\$10,869,986	(\$10,316)	\$0	\$8,630,237	\$10,869,986

**Chillicothe City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(Unaudited)*

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**Governmental Activities**

Property taxes increased \$1,901,616 due to differences in amounts available for advance between years affecting revenue recognition. Operating grants and contributions increased \$911,977 due to the addition of state funding for the Student Wellness and Success program. Capital grants and contributions increased due to the receipt of contributions related to the athletic complex for naming rights.

Various expense functions increased due to the increase in pension and OPEB expenses, which were recognized in the amount of \$4,749,305, compared to a negative expense of \$132,357 for the prior fiscal year. These expenses are allocated amongst the various expense functions. This resulted in an increase in total expenses of \$4,881,662. Aside from this, some functions increased due to increases in personnel costs. Operation and maintenance of plant expenses increased due to expenses for noncapitalizable demolition costs.

**Governmental Activities**

Property taxes comprised 36 percent of revenue for governmental activities of the School District for fiscal year 2020. Grants and entitlements not restricted comprised 40 percent of revenue for governmental activities during 2020.

As indicated by governmental program expenses, instruction is emphasized. Total instruction comprised 63 percent of governmental program expenses with support services comprising 27 percent of governmental expenses.

The statement of activities shows the cost of program services and the charges for services and sales, grants and contributions offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2020 as compared to 2019. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3  
 Total and Net Cost of Program Services  
 Governmental Activities

	2020		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$28,580,179	\$22,782,007	\$23,824,474	\$18,330,443
Support Services	12,336,546	10,428,723	11,675,997	10,506,375
Operation of Non-Instructional Services	1,972,229	204,891	2,106,375	452,085
Extracurricular Activities	891,108	764,907	838,246	688,157
Interest and Fiscal Charges	1,667,423	1,667,423	1,696,886	1,696,886
<b>Total Expenses</b>	<b>\$45,447,485</b>	<b>\$35,847,951</b>	<b>\$40,141,978</b>	<b>\$31,673,946</b>

**Business-Type Activities**

The School District created a business-type activity during fiscal year 2020 to account for an athletic complex that the School District will operate.

**Chillicothe City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(Unaudited)*

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**THE SCHOOL DISTRICT'S FUNDS**

All of the School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$42,884,895 and expenditures of \$43,865,533. The net change in fund balance for the year was significant in the General Fund.

The fund balance of the General Fund decreased in the amount of \$390,544 due to expenditures in excess of revenues. Property taxes increased due to differences in amounts available for advance between years affecting revenue recognition, which was offset by a decrease in foundation funding. In addition, expenditures increased due to increases in personnel costs.

The fund balance of the Debt Service Fund increased in the amount of \$353,107. The increase in fund balance is primarily due a transfer from the permanent improvement fund.

**General Fund Budgeting Highlights**

The School District's budget is adopted on a fund basis. Before the budget is adopted, the Board of Education reviews the detailed work papers of each object within the General Fund and then adopts the budget on a fund basis. During 2020, there were revisions to the General Fund budget. The School District's actual revenues and other financing sources were relatively consistent with budgeted amounts. Actual expenditures and other financing uses were also consistent with the final budget. The School District's ending unobligated fund balance was \$8,660,154.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

Table 4 shows the fiscal year 2020 balances compared to 2019.

Table 4  
 Capital Assets  
 (Net of Accumulated Depreciation)

	Governmental Activities	
	2020	2019
Construction in Progress	\$0	\$99,701
Land and Improvements	1,639,947	1,718,387
Buildings and Improvements	71,139,969	72,355,330
Furniture and Equipment	2,021,954	1,933,190
Vehicles	633,485	792,980
Totals	<u>\$75,435,355</u>	<u>\$76,899,588</u>

The net decrease in capital assets from the prior year resulted from current year depreciation and deletions in excess of additions. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (note 8).

**Chillicothe City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(Unaudited)*

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**Debt**

At June 30, 2020, the School District had \$46,713,280 in bonds, bond anticipation notes, and capital leases outstanding with \$2,495,023 due within one year. Table 5 summarizes the bonds, notes, and capital leases outstanding:

Table 5  
 Outstanding Debt at Year End

	2020	2019
2007 General Obligation Refunding Bonds	\$1,819,562	\$1,559,663
2009 General Obligation Bond	80,000	120,000
2016 School Facilities Bond	21,198,541	21,538,248
2016 PI Tax Anticipation Notes	1,612,134	1,874,359
2016 Refunding Bonds	21,223,786	22,757,564
Capital Leases	779,257	1,155,990
Totals	\$46,713,280	\$49,005,824

The School District's overall legal debt margin was \$3,262,986 and the unvoted debt margin was \$447,173 at June 30, 2020. Detailed information regarding long-term and other debt is included in the notes to the basic financial statements (notes 13 and 14).

**Current Financial Related Activities**

Chillicothe City School District has struggled financially for several years. This is mainly due to the tangible personal property tax loss. The tax loss hit the School District hard. We passed a 5 year emergency operating levy in May of 2013. The new emergency operating levy and the increase in the state funding of 7 ½% has helped stabilize the School District's finances.

The School District still struggles with open enrollment but the trend is starting to reduce due to the number of students coming into our School District. The outlook of the School District has stability.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the School District's financial condition 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 Deborah Lawwell, Treasurer, Chillicothe City School District, 425 Yoctangee Parkway, Chillicothe, Ohio 45601.

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**Chillicothe City School District**  
*Statement of Net Position*  
*As of June 30, 2020*

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$17,346,146	\$1,372	\$17,347,518
Accounts Receivable	42,954	0	42,954
Internal Balances	5,738	(5,738)	0
Intergovernmental Receivable	484,092	0	484,092
Taxes Receivable	15,035,316	0	15,035,316
Net OPEB Asset	1,803,558	0	1,803,558
Non-Depreciable Capital Assets	607,140	0	607,140
Depreciable Capital Assets, net	74,828,215	0	74,828,215
<i>Total Assets</i>	110,153,159	(4,366)	110,148,793
<b>Deferred Outflows of Resources:</b>			
Pension	6,009,324	0	6,009,324
OPEB	847,199	0	847,199
<i>Total Deferred Outflows of Resources</i>	6,856,523	0	6,856,523
<b>Liabilities:</b>			
Accounts Payable	128,889	1,206	130,095
Accrued Wages and Benefits	3,548,564	0	3,548,564
Intergovernmental Payable	447,416	4,744	452,160
Accrued Interest Payable	109,397	0	109,397
Long-Term Liabilities:			
Due Within One Year	2,754,659	0	2,754,659
Due in More Than One Year	47,183,718	0	47,183,718
Net Pension Liability	32,608,953	0	32,608,953
Net OPEB Liability	3,658,569	0	3,658,569
<i>Total Liabilities</i>	90,440,165	5,950	90,446,115
<b>Deferred Inflows of Resources:</b>			
Property Taxes not Levied to Finance Current Year Operations	12,222,032	0	12,222,032
Pension	2,351,624	0	2,351,624
OPEB	3,355,308	0	3,355,308
<i>Total Deferred Inflows of Resources</i>	17,928,964	0	17,928,964
<b>Net Position:</b>			
Net Investment in Capital Assets	30,564,863	0	30,564,863
Restricted for Debt Service	2,939,758	0	2,939,758
Restricted for Capital Outlay	2,914,882	0	2,914,882
Restricted for Other Purposes	1,225,193	0	1,225,193
Restricted for Permanent Fund:			
Non-Expendable	450,000	0	450,000
Expendable	10,588	0	10,588
Unrestricted (Deficit)	(29,464,731)	(10,316)	(29,475,047)
<i>Total Net Position</i>	\$8,640,553	(\$10,316)	\$8,630,237

The notes to the basic financial statements are an integral part of this statement

**Chillicothe City School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2020

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Capital Grants, Contributions, and Interest	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
Instruction:							
Regular	\$16,310,016	\$892,810	\$588,010	\$131,777	(\$14,697,419)	\$0	(\$14,697,419)
Special	6,146,684	250,426	3,383,575	0	(2,512,683)	0	(2,512,683)
Vocational	151,351	9,219	170,432	0	28,300	0	28,300
Student Intervention Services	8,000	0	9,003	0	1,003	0	1,003
Other	5,964,128	362,920	0	0	(5,601,208)	0	(5,601,208)
Support Services:							
Pupils	2,287,939	106,823	474,560	0	(1,706,556)	0	(1,706,556)
Instructional Staff	1,045,719	41,280	396,260	0	(608,179)	0	(608,179)
Board of Education	105,451	6,279	0	1,718	(97,454)	0	(97,454)
Administration	2,666,829	194,598	45,624	0	(2,426,607)	0	(2,426,607)
Fiscal	869,378	46,051	10,982	18,251	(794,094)	0	(794,094)
Business	18,904	983	0	0	(17,921)	0	(17,921)
Operation and Maintenance of Plant	3,350,845	158,455	135,346	159,041	(2,898,003)	0	(2,898,003)
Pupil Transportation	1,535,501	79,053	6,315	0	(1,450,133)	0	(1,450,133)
Central	455,980	26,204	0	0	(429,776)	0	(429,776)
Operation of Non-Instructional Services	1,972,229	66,837	1,700,501	0	(204,891)	0	(204,891)
Extracurricular Activities	891,108	126,201	0	0	(764,907)	0	(764,907)
Interest and Fiscal Charges	1,667,423	0	0	0	(1,667,423)	0	(1,667,423)
<i>Total Governmental Activities</i>	45,447,485	2,368,139	6,920,608	310,787	(35,847,951)	0	(35,847,951)
<b>Business-Type Activities</b>							
Cavalier Athletic Center	58,148	5,234	0	0	0	(52,914)	(52,914)
<i>Total</i>	<u>\$45,505,633</u>	<u>\$2,373,373</u>	<u>\$6,920,608</u>	<u>\$310,787</u>	(35,847,951)	(52,914)	(35,900,865)
<b>General Revenues:</b>							
Property Taxes Levied for:							
				11,521,530	0	11,521,530	
General Purposes				3,175,432	0	3,175,432	
Debt Service				888,790	0	888,790	
Capital Projects				61,208	0	61,208	
Payments in Lieu of Taxes							
Grants and Entitlements not							
Restricted for Specific Programs				17,175,384	0	17,175,384	
Gifts and Donations not Restricted to							
Specific Programs				6,358	0	6,358	
Gain on Sale of Assets				251,957	0	251,957	
Investment Earnings				294,816	16	294,832	
Miscellaneous				243,043	42,582	285,625	
<i>Total General Revenues</i>				<u>33,618,518</u>	<u>42,598</u>	<u>33,661,116</u>	
<i>Change in Net Position</i>				(2,229,433)	(10,316)	(2,239,749)	
<i>Net Position Beginning of Year</i>				<u>10,869,986</u>	<u>0</u>	<u>10,869,986</u>	
<i>Net Position End of Year</i>				<u>\$8,640,553</u>	<u>(\$10,316)</u>	<u>\$8,630,237</u>	

The notes to the basic financial statements are an integral part of this statement

**Chillicothe City School District**  
*Balance Sheet*  
*Governmental Funds*  
*As of June 30, 2020*

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$9,161,040	\$2,347,397	\$5,837,709	\$17,346,146
Accounts Receivable	7,238	0	35,716	42,954
Interfund Receivable	742,867	0	0	742,867
Intergovernmental Receivable	38,388	0	445,704	484,092
Taxes Receivable	11,153,042	2,988,845	893,429	15,035,316
<i>Total Assets</i>	<u>\$21,102,575</u>	<u>\$5,336,242</u>	<u>\$7,212,558</u>	<u>\$33,651,375</u>
<b>Liabilities:</b>				
Accounts Payable	\$26,537	\$0	\$102,352	\$128,889
Accrued Wages and Benefits	2,975,869	0	572,695	3,548,564
Interfund Payable	0	0	737,129	737,129
Intergovernmental Payable	388,887	0	58,529	447,416
<i>Total Liabilities</i>	3,391,293	0	1,470,705	4,861,998
<b>Deferred Inflows of Resources:</b>				
Property Taxes Not Levied for Current Year Operations	9,106,543	2,396,484	719,005	12,222,032
Unavailable Revenue	444,149	117,686	343,684	905,519
<i>Total Deferred Inflows of Resources</i>	9,550,692	2,514,170	1,062,689	13,127,551
<b>Fund Balances:</b>				
Nonspendable	0	0	450,000	450,000
Restricted	0	2,822,072	4,058,768	6,880,840
Committed	390,611	0	485,821	876,432
Assigned	1,376,622	0	0	1,376,622
Unassigned (Deficit)	6,393,357	0	(315,425)	6,077,932
<i>Total Fund Balances</i>	<u>8,160,590</u>	<u>2,822,072</u>	<u>4,679,164</u>	<u>15,661,826</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$21,102,575</u>	<u>\$5,336,242</u>	<u>\$7,212,558</u>	<u>\$33,651,375</u>

The notes to the basic financial statements are an integral part of this statement.

**Chillicothe City School District**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 As of June 30, 2020*

<b>Total Governmental Fund Balances</b>	\$15,661,826
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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.	75,435,355
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Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Taxes	542,758	
Intergovernmental	362,761	
Total	905,519	905,519

The net pension/OPEB liability is not due and payable in the current period. Therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows-Pension	6,009,324	
Deferred Outflows-OPEB	847,199	
Deferred Inflows-Pension	(2,351,624)	
Deferred Inflows-OPEB	(3,355,308)	
Net Pension Liability	(32,608,953)	
Net OPEB Asset	1,803,558	
Net OPEB Liability	(3,658,569)	
Total		(33,314,373)

Long-term liabilities, including bonds and related liabilities, notes, capital leases, and the long-term portion of compensated absences, are not due and payable in the current period and therefore are not reported in the funds.

Accrued Interest Payable	(109,397)	
Compensated Absences	(3,225,097)	
Capital Leases	(779,257)	
Refunding Bonds	(19,095,000)	
Energy Conservation Bonds	(80,000)	
Capital Appreciation Bonds	(1,819,562)	
School Facilities Bonds	(19,915,000)	
Tax Anticipation Notes	(1,545,000)	
Premiums on Bonds	(3,412,327)	
Premiums on Bond Anticipation Notes	(67,134)	
Total		(50,047,774)

<b>Net Position of Governmental Activities</b>	<b>\$8,640,553</b>
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The notes to the basic financial statements are an integral part of this statement

**Chillicothe City School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2020*

	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property and Other Local Taxes	\$11,484,286	\$3,164,187	\$886,072	\$15,534,545
Intergovernmental	18,175,070	521,225	5,335,788	24,032,083
Interest	301,261	0	19,436	320,697
Increase (Decrease) in Fair Value of Investments	(6,445)	0	3,758	(2,687)
Tuition and Fees	1,887,477	0	146,838	2,034,315
Rent	56,300	0	9,200	65,500
Extracurricular Activities	97,439	0	86,782	184,221
Gifts and Donations	21,032	0	313,500	334,532
Customer Sales and Services	40,589	0	49,473	90,062
Payments in Lieu of Taxes	57,474	0	3,734	61,208
Miscellaneous	128,956	0	101,463	230,419
<i>Total Revenues</i>	<u>32,243,439</u>	<u>3,685,412</u>	<u>6,956,044</u>	<u>42,884,895</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	12,059,446	0	803,935	12,863,381
Special	3,805,587	0	1,910,769	5,716,356
Vocational	151,243	0	0	151,243
Student Intervention Services	0	0	8,000	8,000
Other	5,954,028	0	0	5,954,028
Support Services:				
Pupils	1,682,452	0	413,417	2,095,869
Instructional Staff	657,751	0	335,742	993,493
Board of Education	102,141	0	1,750	103,891
Administration	2,353,946	0	104,309	2,458,255
Fiscal	728,297	62,330	27,547	818,174
Business	16,943	0	0	16,943
Operation and Maintenance of Plant	2,508,966	0	542,696	3,051,662
Pupil Transportation	1,275,620	0	6,393	1,282,013
Central	424,221	0	0	424,221
Operation of Non-Instructional Services	22,472	0	1,811,244	1,833,716
Extracurricular Activities	640,278	0	124,725	765,003
Capital Outlay	148,490	0	1,216,277	1,364,767
Debt Service:				
Principal	79,520	1,920,000	297,213	2,296,733
Interest and Fiscal Charges	4,326	1,640,425	23,034	1,667,785
<i>Total Expenditures</i>	<u>32,615,727</u>	<u>3,622,755</u>	<u>7,627,051</u>	<u>43,865,533</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(372,288)	62,657	(671,007)	(980,638)
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	290,450	208,627	499,077
Proceeds from Sale of Assets	0	0	401,407	401,407
Transfers Out	(18,256)	0	(480,821)	(499,077)
<i>Total Other Financing Sources (Uses)</i>	<u>(18,256)</u>	<u>290,450</u>	<u>129,213</u>	<u>401,407</u>
<i>Net Change in Fund Balances</i>	(390,544)	353,107	(541,794)	(579,231)
<i>Fund Balances at Beginning of Year</i>	<u>8,551,134</u>	<u>2,468,965</u>	<u>5,220,958</u>	<u>16,241,057</u>
<i>Fund Balances at End of Year</i>	<u><u>\$8,160,590</u></u>	<u><u>\$2,822,072</u></u>	<u><u>\$4,679,164</u></u>	<u><u>\$15,661,826</u></u>

The notes to the basic financial statements are an integral part of this statement.

**Chillicothe City School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2020*

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**Net Change in Fund Balances - Total Governmental Funds** (\$579,231)

Amounts reported for governmental activities in the statement of activities are different because:

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

Capital Asset Additions	1,271,200	
Current Year Depreciation	(2,682,113)	
Total	(1,410,913)	(1,410,913)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets.

Loss on Disposal of Capital Assets		(53,320)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes	51,207	
Customer Sales and Service	1,973	
Tuition and Fees	(7,932)	
Capital Lease	(149,450)	
Miscellaneous	12,624	
Intergovernmental	23,328	
Total	(68,250)	(68,250)

Contractually required contributions are reported as expenditures in governmental funds. However, the statement of net position reports these amounts as deferred outflows.		2,603,255
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Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		(4,749,305)
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Repayment of bond and note principal and lease obligations are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net position and does not result in an expense in the statement of activities.		2,296,733
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Interest is reported as an expenditure when due in the governmental funds, but is accrued on outstanding debt on the statement of net position.

Premium	255,710	
Annual Accretion of Capital Appreciation Bonds	(259,899)	
Total	(4,189)	(4,189)

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.

Increase in Compensated Absences	(268,764)	
Decrease in Interest Payable	4,551	
Total	(264,213)	(264,213)

**Net Change in Net Position of Governmental Activities** (\$2,229,433)

The notes to the basic financial statements are an integral part of this statement

**Chillicothe City School District**  
*Statement of Revenues, Expenditures and Change*  
*in Fund Balance - Budget and Actual*  
*(Non-GAAP Budgetary Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property and Other Local Taxes	\$10,576,653	\$10,819,799	\$10,819,799	\$0
Intergovernmental	15,251,887	18,196,223	18,205,629	9,406
Interest	0	301,446	301,446	0
Tuition and Fees	0	1,889,548	1,889,678	130
Rent	0	56,300	56,300	0
Extracurricular Activities	6,518,645	15,473	15,473	0
Gifts and Donations	0	1,358	1,358	0
Customer Sales and Services	0	32,102	32,102	0
Payments in Lieu of Taxes	0	57,474	57,474	0
Miscellaneous	0	120,940	120,940	0
<i>Total Revenues</i>	<u>32,347,185</u>	<u>31,490,663</u>	<u>31,500,199</u>	<u>9,536</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	32,808,898	12,013,239	12,013,248	(9)
Special	83,838	3,748,777	3,748,778	(1)
Vocational	2,500	166,234	166,234	0
Other	5,317	5,956,419	5,956,419	0
Support Services:				
Pupils	39,307	1,692,025	1,692,025	0
Instructional Staff	22,730	668,389	668,389	0
Board of Education	5,064	117,613	117,612	1
Administration	30,570	2,350,160	2,350,160	0
Fiscal	2,805	736,295	736,295	0
Business	1,600	17,853	17,853	0
Operation and Maintenance of Plant	366,587	2,606,984	2,606,984	0
Pupil Transportation	281,120	1,286,780	1,286,781	(1)
Central	19,710	534,821	534,820	1
Operation of Non-Instructional Services	0	10,222	10,222	0
Extracurricular Activities	16,000	689,158	689,158	0
<i>Total Expenditures</i>	<u>33,686,046</u>	<u>32,594,969</u>	<u>32,594,978</u>	<u>(9)</u>
<i>Excess of Revenues Under Expenditures</i>	(1,338,861)	(1,104,306)	(1,094,779)	9,527
<b>Other Financing Sources (Uses):</b>				
Advances In	0	124,838	124,838	0
Transfers Out	0	(18,256)	(18,256)	0
Advances Out	0	(742,867)	(742,867)	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(636,285)</u>	<u>(636,285)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,338,861)	(1,740,591)	(1,731,064)	9,527
<i>Fund Balance at Beginning of Year</i>	10,312,268	10,312,268	10,312,268	0
<i>Prior Year Encumbrances Appropriated</i>	<u>78,950</u>	<u>78,950</u>	<u>78,950</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$9,052,357</u>	<u>\$8,650,627</u>	<u>\$8,660,154</u>	<u>\$9,527</u>

The notes to the basic financial statements are an integral part of this statement

**Chillicothe City School District**  
*Statement of Fund Net Position*  
*Proprietary Fund*  
*As of June 30, 2020*

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	Nonmajor Enterprise Fund
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,372</u>
<i>Total Assets</i>	1,372
<b>Liabilities:</b>	
Accounts Payable	1,206
Interfund Payable	5,738
Intergovernmental Payable	<u>4,744</u>
<i>Total Liabilities</i>	11,688
<b>Net Position:</b>	
Unrestricted (Deficit)	<u>(10,316)</u>
<i>Total Net Position</i>	<u><u>(\$10,316)</u></u>

The notes to the basic financial statements are an integral part of this statement.



**Chillicothe City School District**  
*Statement of Revenues, Expenses and Changes in Fund Net Position*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2020*

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	<u>Nonmajor Enterprise Fund</u>
<b>Operating Revenues:</b>	
Sales	\$2,026
Charges for Services	3,208
Other	<u>41,198</u>
<i>Total Operating Revenues</i>	46,432
<b>Operating Expenses:</b>	
Salaries	20,322
Fringe Benefits	7,884
Purchased Services	24,085
Materials and Supplies	<u>5,857</u>
<i>Total Operating Expenses</i>	<u>58,148</u>
<i>Operating Loss</i>	(11,716)
<b>Nonoperating Revenues:</b>	
Interest	16
Other	<u>1,384</u>
<i>Total Nonoperating Revenues</i>	<u>1,400</u>
<i>Net Change in Net Position</i>	(10,316)
<i>Net Position Beginning of Year</i>	<u>0</u>
<i>Net Position End of Year</i>	<u><u>(\$10,316)</u></u>

The notes to the basic financial statements are an integral part of this statement.

**Chillicothe City School District**  
*Statement of Cash Flows*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2020*

	Nonmajor Enterprise Fund
<b>Increase in Cash and Cash Equivalents:</b>	
<b>Cash Flows from Operating Activities:</b>	
Cash Received for Charges for Services and Sales	\$5,234
Cash Paid for Personal Services	(23,462)
Cash Paid for Purchased Services	(22,879)
Cash Paid for Supplies and Materials	(5,857)
Other Cash Received	41,198
<i>Net Cash Flows Used by Operating Activities</i>	(5,766)
<b>Cash Flows from Financing Activities:</b>	
Advance Received from General Fund	5,738
Other Nonoperating Receipts	1,384
<i>Net Cash Flows Provided by Financing Activities</i>	7,122
<b>Cash Flows from Investing Activities:</b>	
Interest	16
<i>Net Cash Flows Provided by Financing Activities</i>	16
<i>Net Increase in Cash and Cash Equivalents</i>	1,372
<i>Cash and Cash Equivalents at Beginning of Year</i>	0
<i>Cash and Cash Equivalents at End of Year</i>	\$1,372
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</b>	
Operating Loss	(\$11,716)
<i>Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities</i>	
Increase in Accounts Payable	1,206
Increase in Intergovernmental Payable	4,744
<i>Net Cash Used by Operating Activities</i>	(\$5,766)

The notes to the basic financial statements are an integral part of this statement.

**Chillicothe City School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*As of June 30, 2020*

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	<u>Agency</u>
<b>Assets:</b>	
Current Assets:	
Equity in Pooled Cash and Investments	<u>\$123,260</u>
<i>Total Assets</i>	<u><u>\$123,260</u></u>
<b>Liabilities:</b>	
Current Liabilities:	
Undistributed Monies	\$18,059
Due to Students	<u>105,201</u>
<i>Total Liabilities</i>	<u><u>\$123,260</u></u>

The notes to the basic financial statements are an integral part of this statement.

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**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**NOTE 1-DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

**Description of the School District**

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

The School District was established in 1849 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 22 square miles. It is located in Ross County, and includes all of the Village of Massieville, the City of Chillicothe and a portion of Scioto Township. It is staffed by 145 non-certified employees, 191 certificated full-time teaching personnel and 14 administrative employees who provide services to 3,016 students and other community members. The School District currently operates six instructional buildings, one administrative building, one maintenance building and one bus garage.

**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. For Chillicothe City 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; (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. Based on the foregoing, the School District does not have any component units requiring reporting.

The following entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

- Parent Teacher Organizations
- Ross-Pike Educational Service District
- City of Chillicothe

The following activities are included within the reporting entity:

*Bishop Flaget Parochial School*-Within the School District boundaries, the Bishop Flaget Parochial School, a school that provides classes for kindergarten through eighth grade, is operated through the Columbus Catholic Diocese. Current State legislation provides funding to this parochial school. Monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. The activity of these State monies is reflected in a special revenue fund for financial reporting purposes.

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The School District is associated with two organizations, which are defined as jointly governed organizations. These organizations are the Miami Valley Educational Computer Association and Pickaway-Ross Career and Technology Center. These organizations are presented in note 16 of the notes to the basic financial statements.

**NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

**Basis of Presentation-Fund Accounting**

*Fund Accounting*

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

*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 purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, liabilities, and deferred inflows/outflows of resources is reported as fund balance. The following are the School District's major governmental funds:

***General Fund***

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

***Debt Service Fund***

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

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

*Proprietary Funds*

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Proprietary funds are classified as either enterprise or internal service. The School District reports the following proprietary fund:

***Enterprise Funds***

These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises in which the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or

**Chillicothe City School District**  
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recovered primarily through user charges. The School District's nonmajor enterprise fund is used to account for activity of the Cavalier Athletic Center.

*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. The School District's only fiduciary funds are agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The School District has one agency fund used to account for student activity programs and another which is used as a clearing account for the School District's Workers' Compensation activity.

**Basis of Presentation and Measurement Focus**

*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 statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

*Fund Financial Statements*

During the 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 and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
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*Measurement Focus*

Government-wide Financial Statements - The government-wide statements are prepared using the economic resources measurement focus. All assets, liabilities, and deferred inflows/outflows of resources associated with the operation of the School District are included on the statement of net position. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. 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.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current liabilities, and certain deferred inflows/outflows 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.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, liabilities, and deferred outflows/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 proprietary activities.

*Basis of Accounting*

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

*Revenues – Exchange and 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. "Measurable" means the amount of the transaction can be determined, and "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 60 days of year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to



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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 year-end: property taxes available as an advance, investment earnings, tuition and fees, and grants.

*Deferred Inflows/Outflows of Resources*

In addition to assets, the statement of net position and balance sheet report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and other post-employment benefits. These items are further explained in notes 10 and 11.

In addition to liabilities, the statement of net position and balance sheet report a separate section for deferred inflows of resources. Deferred inflows of resources represents 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 included property taxes, capital lease, pension, other post-employment benefits, and unavailable revenue. Property taxes for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as deferred inflows of resources on the statement of net position and governmental fund balance sheet. Unavailable revenue is reported only on the governmental fund balance sheet and represents grants and entitlements not received within the available period and delinquent property taxes due at June 30, 2020. Deferred inflows of resources related to pension and other post-employment benefits are reported on the government-wide statement of net position and are further explained in notes 10 and 11.

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

**Budgets**

*Budgetary Process*

All funds, other than the agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education as the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level of 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 budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The

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amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during the fiscal year.

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

#### *Encumbrances*

Encumbrance accounting is utilized by the School District for all funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a restriction, commitment, or assignment on the available spending authority due to a commitment for a future expenditure and does not represent a liability. On the fund financial statements encumbrances outstanding at fiscal year-end are reported as restricted, committed, or assigned fund balance for subsequent year expenditures for governmental funds. Encumbrances are reported as part of expenditures on a non-GAAP budgetary basis.

#### **Cash and Cash Equivalents**

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. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

During fiscal year 2020, investments were limited to money market accounts, negotiable certificates of deposit, and STAR Ohio. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

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 its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 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. 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. Interest revenue credited to the General Fund during fiscal year 2020 amounted to \$301,261. Nonmajor Governmental Funds earned interest revenue of \$19,436. The School District also experienced a decrease in fair value of investments of \$6,445 in the General Fund and an increase in fair value of investments of \$3,758 in Nonmajor Governmental Funds.

#### **Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments, or imposed by law through constitutional provisions. The School District had no restricted assets as of June 30, 2020.

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
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**Capital Assets and Depreciation**

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets 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 values as of the date received. The School District maintains a capitalization threshold of \$1,500. 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	10-20 years
Building and Improvements	20-50 years
Furniture and Equipment	5-20 years
Vehicles	4-8 years

**Interfund Assets/Liabilities**

Short-term interfund loans are classified as "interfund receivables" and "interfund payables". These amounts are eliminated in the governmental activities column of the statement of net position.

**Compensated Absences**

Vacation and personal leave 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 its employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid. The School District had no matured compensated absences payable to report as of June 30, 2020.

**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. Bonds are recognized as a liability on the government-wide financial statements when due.

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
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**Interfund Transactions**

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

**Net Position**

Net position represents the difference between assets, liabilities, and deferred inflows/outflows 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 improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes represents balances in special revenue funds for grants received which are restricted as to use by grantors.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. None of the School District's restricted net position is restricted by enabling legislation.

**Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. 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 are 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* – This fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District's Board of Education. Those committed amounts cannot be used for any other purpose unless the School District's 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 would represent intended uses established by the School District's Board of Education.

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
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*Unassigned* – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In the nonmajor governmental funds, the unassigned classification is used only to report a deficit fund 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.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**Bond Premium, Discount, and Issuance Costs**

Bond premiums are deferred and amortized over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds. Capital appreciation bond discounts are accreted over the term of the bonds.

On the governmental fund financial statements, bond issuance costs and premiums are recognized in the year paid or received.

**Pensions/OPEB**

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

**Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are membership fees, advertising, tournament fees, and other charges. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**NOTE 3-ACCOUNTABILITY**

At June 30, 2020, the Public School Support, District Managed Athletics, Public School Preschool, Miscellaneous State Grants, CARES Act, Title VI-B, Title I, and Improving Teacher Quality Nonmajor Special Revenue Funds had deficit fund balances of \$25,680, \$25,137, \$29,294, \$4,341, \$69,454, \$60,736, \$94,255, and \$6,528, respectively, which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
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**NOTE 4-BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The statement of revenues, expenditures and changes in fund balance – budget and actual – (non-GAAP budgetary basis) for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment, or assignment of fund balance.
4. In accordance with generally accepted accounting principles, certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a GAAP basis. This includes the entire Rotary Fund and Termination Benefits Fund and a portion of the Public School Support Fund.

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

Net Change in Fund Balance	
GAAP Basis	(\$390,544)
Revenue and Other	
Financing Sources Accruals	(503,343)
Expenditures and Other	
Financing Uses Accruals	(730,479)
Encumbrances	(105,257)
(Excess) Deficit of Funds Combined with	
General Fund for Reporting Purposes	(1,441)
Budget Basis	(\$1,731,064)

**NOTE 5-DEPOSITS AND INVESTMENTS**

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

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

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

Interim deposits are deposits in 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.

Protection of the School 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

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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.

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

1. United States Treasury bills, bonds, notes, 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided 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 the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the 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.

### Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2020, the School District's bank balance of \$3,856,736 was either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described below.

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

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

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

Investments

As of June 30, 2020, the School District had the following investments and maturities.

Investment Type	Fair Value	Less than 1 Year	1-2 Years	% of Total	Credit Rating (S&P)
Money Market Funds	\$2,144,351	\$2,144,351	\$0	16%	AAAm
Negotiable CDs	1,439,136	1,087,217	351,919	10%	N/A
STAR Ohio	10,192,531	10,192,531	0	74%	AAAm
<b>Total</b>	<b>\$13,776,018</b>	<b>\$13,424,099</b>	<b>\$351,919</b>	<b>100%</b>	

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. The above chart identifies the School District’s recurring fair value measurements as of June 30, 2020. The money market fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). As discussed further in note 2, STAR Ohio is reported at its share price. All other investments are 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).

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

*Credit Risk.* The School District’s investment policy does not address credit risk beyond the requirements of the Ohio Revised Code. The negotiable certificates of deposit are not rated but are covered by FDIC as described in the deposits section above.

*Custodial Credit Risk.* 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. All of the School District’s securities are either insured and registered in the name of the School District or at least registered in the name of the School District. The School District has no investment policy dealing with investment custodial credit risk beyond the requirements in State statute that prohibit payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

*Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The School District places no limit on the amount that may be invested in any one issuer.

**NOTE 6-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 a new fiscal year.



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Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. 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 thirty-five 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 on 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 thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The assessed values upon which 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	\$383,293,030	90.79%	\$408,015,800	91.24%
Public Utility	38,897,870	9.21%	39,157,410	8.76%
Total Assessed Value	\$422,190,900	100.00%	\$447,173,210	100.00%
Tax Rate per \$1,000 of Assessed Valuation	\$53.60		\$53.20	

The School District receives property taxes from Ross County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes which became measurable as of June 30, 2020. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2020, was \$1,644,182 in the General Fund, \$474,675 in the Debt Service Fund and \$140,020 in the Permanent Improvement Fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

**NOTE 7-RECEIVABLES**

Receivables at June 30, 2020, consisted of property taxes, capital lease, accounts (rent, tuition and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables is as follows:

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<i>Major Fund:</i>	
General	\$38,388
<i>Nonmajor Special Revenue Funds:</i>	
Early Literacy	2,453
Public School Preschool	13,783
Title VI-B	120,056
School Improvement	15,759
Title I	202,982
Homelessness	18,583
IDEA Early Childhood	11,615
Improving Teacher Quality	25,023
Miscellaneous Federal Grants	35,450
<i>Total Nonmajor Funds</i>	445,704
<i>Total All Funds</i>	\$484,092

**NOTE 8-CAPITAL ASSETS**

Capital assets activity of the fiscal year ended June 30, 2020 was as follows:

	Ending Balance 6/30/19	Additions	Deletions	Ending Balance 6/30/20
<b>Governmental Activities:</b>				
<b>Capital Assets, Not Being Depreciated</b>				
Land	\$607,140	\$0	\$0	\$607,140
Construction in Progress	99,701	320,895	(420,596)	0
<b>Total Capital Assets, Not Being Depreciated</b>	<b>706,841</b>	<b>320,895</b>	<b>(420,596)</b>	<b>607,140</b>
<b>Capital Assets Being Depreciated</b>				
Land Improvements	1,891,922	24,938	(93,538)	1,823,322
Buildings and Improvements	91,408,659	874,149	(515,115)	91,767,693
Furniture and Equipment	5,196,407	471,814	(188,791)	5,479,430
Vehicles	2,485,864	0	(8,000)	2,477,864
<b>Total Capital Assets, Being Depreciated</b>	<b>100,982,852</b>	<b>1,370,901</b>	<b>(805,444)</b>	<b>101,548,309</b>
<b>Less Accumulated Depreciation</b>				
Land Improvements	(780,675)	(57,578)	47,738	(790,515)
Buildings and Improvements	(19,053,329)	(2,087,596)	513,201	(20,627,724)
Furniture and Equipment	(3,263,217)	(379,277)	185,018	(3,457,476)
Vehicles	(1,692,884)	(157,662)	6,167	(1,844,379)
<b>Total Accumulated Depreciation</b>	<b>(24,790,105)</b>	<b>(2,682,113)</b>	<b>752,124</b>	<b>(26,720,094)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>76,192,747</b>	<b>(1,311,212)</b>	<b>(53,320)</b>	<b>74,828,215</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$76,899,588</b>	<b>(\$990,317)</b>	<b>(\$473,916)</b>	<b>\$75,435,355</b>

**Chillicothe City School District**  
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Depreciation expense was charged to the governmental functions as follows:

Instruction:	
Regular	\$2,249,841
Special	7,345
Vocational	10,100
Support Services:	
Pupils	631
Instructional Staff	15,640
Administration	8,816
Fiscal	7,276
Business	1,148
Operation and Maintenance of Plant	68,790
Pupil Transportation	153,373
Central	19,714
Operation of Non-Instrumental Services	70,667
Extracurricular Activities	68,772
Total Depreciation Expense	\$2,682,113

**NOTE 9-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. During fiscal year 2020, the School District contracted with The Netherlands Insurance Company for liability, property, fleet, inland marine, and boiler and machinery insurance. Coverages provided are as follows:

<i>General Liability:</i>	
General Aggregate Limit	\$2,000,000
Each Occurrence Combined Single Limit	1,000,000
<i>Employee Benefit Liability (\$1,000 Deductible):</i>	
Annual Policy Aggregate Limit	3,000,000
Each Wrongful Account Limit	1,000,000
<i>Auto Liability:</i>	
Per Accident Liability	1,000,000
<i>Stop Gap:</i>	
Each Accident	1,000,000
Disease Each Employee	1,000,000
Disease Policy Limit	1,000,000
Aggregate Limit	2,000,000
<i>Property Insurance:</i>	
Building/Contents (\$2,500 Deductible)	
Including EDP, Inland Marine – Musical Instr.	99,393,816

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The building and contents coverage is provided on a blanket, agreed value, replacement cost basis.

*Fleet Insurance:*

Combined Single Limit-Each Accident	\$1,000,000
Medical Payments – Per Person (Including Extended Medical)	5,000
Uninsured and Underinsured Motorist	
Bodily Injury – Combined Single Limit – Each Accident	1,000,000
Physical Damage	Actual Cash Value or Cost of
Comprehensive (\$1,000 Deductible)	Repair, whichever is less
Collision (\$1,000 Deductible)	

Settled claims have not exceeded this commercial coverage in any of the past three years. The School District reviewed its insurance coverages and made modifications where deemed appropriate.

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. The School District did not qualify for a Group Rating Plan due to prior claims. Participation in a GRP is limited to school districts that can meet the GRP’s selection criteria.

The School District provides medical insurance through United Health Care, dental insurance through CoreSource, vision insurance through Vision Service Plan, life insurance through the Metropolitan Educational Council, and supplemental life insurance through Grady Enterprises.

**NOTE 10-DEFINED BENEFIT PENSION PLANS**

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

Net Pension Liability/Net OPEB Liability

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If

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the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients.

The 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.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District nonteaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, 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](http://www.ohsers.org) under employers/audit resources.

Age and service requirements for retirement are as follows:

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

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

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

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

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,

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the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2020, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contributions to SERS were \$648,845 for fiscal year 2020.

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 website at [www.strsoh.org](http://www.strsoh.org).

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. 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. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2020 employer and employee contribution rate was 14 percent was equal to the statutory maximum rates. For fiscal year 2020, the full employer contribution was allocated to pension.

The School District's contractually required contributions to STRS were \$1,861,081 for fiscal year 2020.

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	0.14172080%	0.11232366%	
Proportion of the Net Pension Liability Current Measurement Date	<u>0.14252540%</u>	<u>0.10889470%</u>	
Change in Proportionate Share	<u>0.00080460%</u>	<u>-0.00342896%</u>	
Proportionate Share of the Net Pension Liability	\$8,527,545	\$24,081,408	\$32,608,953
Pension Expense	\$1,600,498	\$3,486,352	\$5,086,850

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

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$216,238	\$196,064	\$412,302
Changes of assumptions	0	2,828,827	2,828,827
Changes in proportion and differences between School District contributions and proportionate share of contributions	124,498	133,771	258,269
School District contributions subsequent to the measurement date	<u>648,845</u>	<u>1,861,081</u>	<u>2,509,926</u>
Total Deferred Outflows of Resources	<u>\$989,581</u>	<u>\$5,019,743</u>	<u>\$6,009,324</u>
<i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$0	\$104,244	\$104,244
Net difference between projected and actual earnings on pension plan investments	109,461	1,176,969	1,286,430
Changes in proportion and differences between School District contributions and proportionate share of contributions	<u>40,771</u>	<u>920,179</u>	<u>960,950</u>
Total Deferred Inflows of Resources	<u>\$150,232</u>	<u>\$2,201,392</u>	<u>\$2,351,624</u>

\$2,509,926 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:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2021	\$325,352	\$1,315,132	\$1,640,484
2022	(189,639)	1,308	(188,331)
2023	(7,284)	(359,925)	(367,209)
2024	<u>62,075</u>	<u>755</u>	<u>62,830</u>
Total	<u>\$190,504</u>	<u>\$957,270</u>	<u>\$1,147,774</u>

Actuarial Assumptions - SERS

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

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



**Chillicothe City School District**  
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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 percent
Future Salary Increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.5 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

The long-term return expectation for the Pension Plan Investments has been determined by 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 an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>10.00</u>	3.00
 Total	 <u><u>100.00 %</u></u>	

*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

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investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
School District's proportionate share of the net pension liability	\$11,950,139	\$8,527,545	\$5,657,271

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, are presented below:

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 (COLA)	0.0 percent, effective July 1, 2017

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

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

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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 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 that 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	\$35,192,296	\$24,081,408	\$14,675,473

**NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS**

See note 10 for a description of the net OPEB liability

**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

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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](http://www.ohsers.org) under employers/audit resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 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. For fiscal year 2020, the School District's surcharge obligation was \$93,329.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$93,329 for fiscal year 2020.

Plan Description - State Teachers Retirement System (STRS)

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

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion

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of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset) Prior Measurement Date	0.14284570%	0.11232366%	
Proportion of the Net OPEB Liability (Asset) Current Measurement Date	<u>0.14548210%</u>	<u>0.10889470%</u>	
Change in Proportionate Share	<u>0.00263640%</u>	<u>-0.00342896%</u>	
Proportionate Share of the Net OPEB Liability	\$3,658,569	\$0	\$3,658,569
Proportionate Share of the Net OPEB Asset	\$0	(\$1,803,558)	(\$1,803,558)
OPEB Expense	\$225,622	(\$563,167)	(\$337,545)

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>
<i>Deferred Outflows of Resources</i>			
Differences between expected and actual experience	\$53,705	\$163,505	\$217,210
Changes of assumptions	267,217	37,911	305,128
Net difference between projected and actual earnings on OPEB plan investments	8,782	0	8,782
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	222,750	0	222,750
School District contributions subsequent to the measurement date	<u>93,329</u>	<u>0</u>	<u>93,329</u>
Total Deferred Outflows of Resources	<u>\$645,783</u>	<u>\$201,416</u>	<u>\$847,199</u>
<i>Deferred Inflows of Resources</i>			
Differences between expected and actual experience	\$803,763	\$91,757	\$895,520
Changes of assumptions	205,014	1,977,389	2,182,403
Net difference between projected and actual earnings on OPEB plan investments	0	113,278	113,278
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>117,336</u>	<u>46,771</u>	<u>164,107</u>
Total Deferred Inflows of Resources	<u>\$1,126,113</u>	<u>\$2,229,195</u>	<u>\$3,355,308</u>

\$93,329 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

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June 30, 2021. 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	(\$187,692)	(\$441,514)	(\$629,206)
2022	(82,867)	(441,512)	(524,379)
2023	(50,199)	(396,114)	(446,313)
2024	(92,845)	(380,187)	(473,032)
2025	(105,917)	(370,347)	(476,264)
Thereafter	(54,139)	1,895	(52,244)
Total	(\$573,659)	(\$2,027,779)	(\$2,601,438)

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:

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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
<b>Municipal Bond Index Rate:</b>	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
<b>Single Equivalent Interest Rate, net of plan investment expense, including price inflation</b>	
Measurement Date	3.22 percent
Prior Measurement Date	3.70 percent
<b>Medical Trend Assumption</b>	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

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

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
<b>Total</b>	<b>100.00 %</b>	

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*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. 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	\$4,440,809	\$3,658,569	\$3,036,597
	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	\$2,931,255	\$3,658,569	\$4,623,539

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 are presented below:



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Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.87 percent initial, 4 percent ultimate
Medicare	4.93 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	7.73 percent initial, 4 percent ultimate
Medicare	9.62 initial, 4 percent ultimate

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

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

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

Since the prior measurement date, there was no change to the claims costs process. Claim 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 percent to 1.984 percent 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 percent 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:

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

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

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

*Discount Rate* The discount rate used to measure the total OPEB liability was 7.45 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 as of June 30, 2019. 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	(\$1,538,977)	(\$1,803,558)	(\$2,026,008)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$2,045,151)	(\$1,803,558)	(\$1,507,663)

**NOTE 12-EMPLOYEE BENEFITS**

**Compensated Absences**

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

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 275 days for administrators, 270 days for teachers/certified staff, and 266 for classified supervisors and staff. Upon retirement, payment is made to teachers at a rate of 35% of the accrued 270 days, but unused sick leave credit to a maximum number of 94.50 days. The calculations change depending on the years of service with the board and number of maximum days for teachers/certified staff. Certified administrators receive 28% of accrued 270 days (75.60 days) and classified supervisors receive 28% of accrued 266 days for a maximum of (74.48 days). This excludes the Superintendent and Treasurer. They have individual contracts. Payments to classified staff who retire is 40 percent of accrued sick leave up to 220 days for a maximum 88 days paid. Payments to classified staff who separate from service for reasons other than retirement (except discharge for just cause) is 25 percent of accrued sick leave up to a maximum of 55 days.

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**Insurance**

The School District provides medical insurance through United Health Care, dental insurance through CoreSource, vision insurance through Vision Service Plan, life insurance through the Metropolitan Educational Council, and supplemental life insurance through Grady Enterprises.

**Deferred Compensation**

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

**Attendance Bonus for Classified Employees**

Absences from work are counted from July 1 through June 30 each year. Classified employees may be eligible for an “attendance bonus” for not using days for sick or personal leave. This is payable on the second pay in June of the same fiscal year.

**NOTE 13-CAPITAL LEASES**

**Lessee**

In 2012 and 2015, the School District entered into capitalized leases for copier equipment. In 2017, the School District entered into a lease-purchase agreement to finance the purchase of property, improvements, and equipment. These leases meet the criteria of capital leases as defined by accounting principles generally accepted in the United States of America, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. However, these expenditures are reported as current expenditures on the budgetary statement.

Capital assets acquired by this lease were initially capitalized in the statement of net position for governmental activities in the amount of \$2,390,783 which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded on the statement of net position for governmental activities. Principal payments in fiscal year 2020 totaled \$376,733 and were paid from the General Fund and Permanent Improvement Fund.

Principal and interest requirements to retire the capital leases at June 30, 2020 are as follows:

<u>Year Ending June 30</u>	<u>Capital Leases</u>
2021	\$376,151
2022	320,247
2023	<u>106,748</u>
Total Debt Payments	803,146
Less: Interest	<u>(23,889)</u>
Total Principal	<u>\$779,257</u>

**Lessor**

The School District is the lessor in a direct financing lease with the City of Chillicothe (lessee) for a sale of its bus garage. By its original terms, the lease was entered into on April 24, 2017 with payments scheduled to begin on

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April 1, 2018 and end on April 1, 2020 with a balloon payment of \$127,500. The lessee repaid the lease in full during the fiscal year.

**NOTE 14-LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2020 were as follows:

	Outstanding 6/30/19	Additions	Deductions	Outstanding 6/30/20	Amounts Due within One Year
<i>Governmental Activities:</i>					
2007 Construction Capital Appreciation Bonds 17.7712-17.8754%	\$320,000	\$0	\$0	\$320,000	\$0
Accretion of Capital Appreciation Bonds	1,239,663	259,899	0	1,499,562	0
2009 School Energy Conservation Improvement Term Bonds 0%	120,000	0	(40,000)	80,000	40,000
2016 School Facilities Bonds:					
Series 2016A	11,540,000	0	(240,000)	11,300,000	245,000
Series 2016A Premium	460,806	0	(13,229)	447,577	0
Series 2016B	8,665,000	0	(50,000)	8,615,000	50,000
Series 2016B Premium	872,442	0	(36,478)	835,964	0
2016 Refunding Bonds	20,455,000	0	(1,360,000)	19,095,000	1,565,000
2016 Refunding Bonds Premium	2,302,564	0	(173,778)	2,128,786	0
Total General Obligation Bonds	45,975,475	259,899	(1,913,485)	44,321,889	1,900,000
Anticipation Notes:					
2016 PI TANs	1,775,000	0	(230,000)	1,545,000	235,000
2016 PI TANs Premium	99,359	0	(32,225)	67,134	0
	1,874,359	0	(262,225)	1,612,134	235,000
Capital Leases	1,155,990	0	(376,733)	779,257	360,023
Compensated Absences	2,956,333	1,947,444	(1,678,680)	3,225,097	259,636
Net Pension Liability	32,814,064	0	(205,111)	32,608,953	0
Net OPEB Liability	3,962,926	0	(304,357)	3,658,569	0
Total Governmental Activities Long-Term Obligations	\$88,739,147	\$2,207,343	(\$4,740,591)	\$86,205,899	\$2,754,659

2007 Refunding Obligation Bonds – On December 13, 2006, the School District issued \$29,717,026 in general obligation refunding bonds with interest rates from 4 to 4.125 percent, to refund \$27,920,000 of the 2005 Construction General Obligation Bonds. The bond issue included serial and term bonds and capital appreciation bonds in the amounts of \$6,905,000, \$20,695,000 and \$320,000, respectively. For 2020, \$259,899 was accreted for a total bond value of \$1,819,562, which includes accretion of \$1,499,562. The capital appreciation bonds will mature in fiscal years 2023 through 2025. The maturity of the bonds is \$5,715,000. The bonds will be paid from the Debt Service Fund from tax revenue with the remaining balance of the serial and term bonds refunded in fiscal year 2017 with the 2016 refunding bonds.

2009 School Energy Conservation Improvement Bonds – During fiscal year 2009, the School District issued \$524,000 in School Energy Conservation Improvement Bonds (Qualified Zone Academy Project) with a zero

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percent interest rate for the purpose of the School District's HB 264 energy conservation project at the High School/Middle School. The bonds will mature on December 15, 2021. The bonds will be paid from the Debt Service Fund.

Anticipation Notes – During August 2016, the School District issued permanent improvement tax anticipation notes (TANs) in the amount of \$2,500,000. These TANs were issued in anticipation of the collection of the proceeds of the two and five-tenths (2.5) mill continuing permanent improvement levy approved by electors of the School District on March 2, 2004 for the purpose of funding general, ongoing permanent improvements. These TANs were issued with interest rates ranging from 1 percent to 4 percent and a maturity date of December 1, 2025.

School Facilities Construction and Improvement Bonds, Series 2016A and B – During May 2016, the School District issued general obligation bonds in the amounts of \$12,650,000 and \$8,815,000, respectively, for the purpose of repaying bond anticipation notes that were issued for the purpose of constructing and renovating school facilities and locally funded initiatives under the Classroom Facilities Assistance Program of the Ohio School Facilities Commission and to provide for furnishing, equipping, and improving these facilities. These bonds were issued with interest rates ranging from 1 to 4 percent and maturity dates of December 1, 2053 and December 1, 2042, respectively. Series A bonds include serial and term bonds in the amounts of \$2,670,000 and \$9,980,000, respectively. Series B bonds include serial and term bonds in the amounts of \$7,815,000 and \$1,000,000, respectively. The bonds will be paid from the Debt Service Fund.

The Series A term bonds maturing on December 1, 2036 are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount to be redeemed, plus accrued interest to the redemption date, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2025	\$5,000
2026	5,000
2027	5,000
2028	5,000
2029	5,000
2030	5,000
2031	5,000
2032	5,000
2033	5,000
2034	5,000
2035	5,000

The remaining principal amount of the term bonds (\$5,000) will be paid at stated maturity on December 1, 2036.

The Series A term bonds maturing on December 1, 2046 are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount to be redeemed, plus accrued interest to the redemption date, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2037	\$5,000
2038	5,000
2039	10,000
2040	10,000
2041	10,000
2042	315,000
2043	695,000
2044	730,000

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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2045                      765,000

The remaining principal amount of the term bonds (\$805,000) will be paid at stated maturity on December 1, 2046.

The Series A term bonds maturing on December 1, 2053 are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount to be redeemed, plus accrued interest to the redemption date, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2047	\$845,000
2048	875,000
2049	905,000
2050	935,000
2051	970,000
2052	1,000,000

The remaining principal amount of the term bonds (\$1,040,000) will be paid at stated maturity on December 1, 2053.

The Series B term bonds maturing on December 1, 2042 are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount to be redeemed, plus accrued interest to the redemption date, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2041	\$640,000

The remaining principal amount of the term bonds (\$360,000) will be paid at stated maturity on December 1, 2042.

2016 Refunding Bonds – During September 2016, the School District issued general obligation bonds in the amount of \$23,385,000 for the purpose of currently refunding a portion of the School District’s 2007 Refunding Obligations Bonds. The School District decreased its total debt service payments by \$3,673,617 as a result of this refunding. The School District also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$3,071,265 and incurred an accounting gain of \$78,083 (difference between reacquisition price and net carrying amount of old debt). These bonds were issued with interest rates ranging from 2 to 5 percent and maturity dates of December 1, 2032. The bonds will be paid from the Debt Service Fund.

Compensated absences payable will be paid from the funds in which the employees were paid, with the most significant being the General Fund. Capital leases will be repaid from the General Fund. The School District pays obligations related to employee compensation from the fund benefitting from their service.

The School District’s overall legal debt margin was \$3,262,986 and the unvoted debt margin was \$447,173 at June 30, 2020.

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2020

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Principal and interest requirements to retire general obligation debt at June 30, 2020 are as follows:

Fiscal Year Ending	2016 Refunding Bonds	
	Principal	Interest
2021	\$1,565,000	\$780,900
2022	1,640,000	718,300
2023	0	652,700
2024	0	652,700
2025	0	652,700
2026-2030	9,340,000	2,478,700
2031-2033	6,550,000	530,800
Totals	\$19,095,000	\$6,466,800

Fiscal Year Ending	2007 Capital Appreciation General Obligation Bonds		2009 General Obligation Bond
	Principal	Interest	Principal
2021	\$0	\$0	\$40,000
2022	0	0	40,000
2023	125,000	1,780,000	0
2024	105,000	1,800,000	0
2025	90,000	1,815,000	0
Totals	\$320,000	\$5,395,000	\$80,000

Fiscal Year Ending	2016 School Facilities Construction and Improvement Bonds		2016 PI TANS	
	Principal	Interest	Principal	Interest
2021	\$295,000	\$764,925	\$235,000	\$57,000
2022	305,000	756,425	245,000	49,950
2023	310,000	746,400	250,000	42,600
2024	325,000	734,700	260,000	32,600
2025	335,000	722,500	270,000	22,200
2026-2030	1,880,000	3,417,250	285,000	11,400
2031-2035	2,240,000	3,046,075	0	0
2036-2040	2,725,000	2,554,000	0	0
2041-2045	3,360,000	1,951,900	0	0
2046-2050	4,195,000	1,093,538	0	0
2051-2054	3,945,000	282,187	0	0
Totals	\$19,915,000	\$16,069,900	\$1,545,000	\$215,750

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**NOTE 15-INTERFUND ACTIVITY**

**Interfund Receivables/Payables**

As of June 30, 2020, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Interfund Receivable	Interfund Payables
<i>Major Fund:</i>		
General Fund	\$742,867	\$0
 <i>Nonmajor Governmental Funds:</i>		
Public School Support	0	10,634
Student Activity	0	22,539
Early Childhood Preschool	0	5,004
CARES Act	0	579,173
VI-B Special Education	0	20,444
School Improvement Grant	0	5,095
Title I	0	49,561
Early Childhood Special Education	0	11,600
Title VI-R	0	9,422
Miscellaneous Federal Grants	0	23,657
Total Nonmajor Funds	0	737,129
 <i>Nonmajor Enterprise Fund:</i>		
Cavalier Athletic Center	0	5,738
Total All Funds	\$742,867	\$742,867

During the year, the School District's General Fund made advances to other funds in anticipation of intergovernmental grant revenue or to cover negative cash balances until additional funding is received.

**Transfers**

For the year ended June 30, 2020, the School District had the following interfund transactions:

Fund Type/Fund	Transfers In	Transfers Out
<i>Major Funds:</i>		
General Fund	\$0	\$18,256
Bond Retirement Fund	290,450	0
 <i>Nonmajor Funds:</i>		
Permanent Improvement Fund	0	480,821
Public School Support	18,256	0
Classroom Facilities Maintenance Fund	190,371	0
Total Nonmajor Funds	208,627	480,821
Total All Funds	\$499,077	\$499,077

During the year, the School District's Permanent Improvement Fund transferred funds to the Classroom Facilities Maintenance Fund and Bond Retirement Fund to provide funds for the maintenance program and debt repayment plan associated with the OSFC project. The General Fund provided funds to subsidize operations.



**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**NOTE 16-JOINTLY GOVERNED ORGANIZATIONS**

*Miami Valley Educational Computer Association* – The Miami Valley Educational Computer Association (MVECA) is a jointly governed organization consisting of 42 school districts, service centers, community schools, STEM schools, and parochial schools in Clark, Clinton, Fayette, Greene, Highland, Madison, Montgomery, and Ross Counties. 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 among member districts. Each of the governments of these schools supports MVECA and shares in a percentage of equity based on the resources provided. MVECA is governed by a board of directors consisting of superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board. To obtain financial information write to: Director, 330 East Enon Road, Yellow Springs, Ohio 45387.

*Pickaway-Ross Career and Technology Center*-The Pickaway-Ross Career and Technology Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven representatives from the various elected city and county school boards within Pickaway and Ross Counties. To obtain financial information write to the Pickaway-Ross Career and Technology Center, Todd Stahr, who serves as Treasurer, at 895 Crouse Chapel Road, Chillicothe, Ohio 45601.

**NOTE 17-SET-ASIDE CALCULATIONS/FUND BALANCE RESTRICTIONS**

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 year-end set-aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	Capital Acquisition
Set Aside Balance as of June 30, 2019	\$0
Current Year Set Aside Requirement	487,187
Current Year Qualifying Expenditures	(1,207,377)
Total	(\$720,190)
Balance Carried Forward to Fiscal Year 2021	\$0
Set-Aside Balance June 30, 2020	\$0

The carryover amount in the capital acquisition set-aside is limited to the balance of the offsets attributed to bond or tax levy proceeds. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$18,248,370 as of June 30, 2020.

**NOTE 18-FUND BALANCES**

Fund balance is 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 the governmental funds. The constraints placed on the fund balance for the major governmental funds and all other governmental funds are presented below:

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
For the Fiscal Year Ended June 30, 2020

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<i>Nonspendable</i>				
Library Purposes	\$0	\$0	\$450,000	\$450,000
<i>Restricted for</i>				
Capital Projects and Maintenance	0	0	3,751,256	3,751,256
Food Service	0	0	111,854	111,854
Other Purposes	0	0	151,031	151,031
Nonpublic Schools	0	0	34,039	34,039
Debt Service	0	2,822,072	0	2,822,072
Library Purposes	0	0	10,588	10,588
<b>Total Restricted</b>	<b>0</b>	<b>2,822,072</b>	<b>4,058,768</b>	<b>6,880,840</b>
<i>Committed for</i>				
Capital Projects	0	0	485,821	485,821
Termination Benefits	340,616	0	0	340,616
Services and Supplies	49,995	0	0	49,995
<b>Total Committed</b>	<b>390,611</b>	<b>0</b>	<b>485,821</b>	<b>876,432</b>
<i>Assigned to</i>				
Student and Staff Support FY21 Appropriations in Excess of Estimated Receipts	43,515	0	0	43,515
Services and Supplies	1,285,593	0	0	1,285,593
<b>Total Assigned</b>	<b>1,376,622</b>	<b>0</b>	<b>0</b>	<b>1,376,622</b>
<i>Unassigned (Deficit)</i>	<u>6,393,357</u>	<u>0</u>	<u>(315,425)</u>	<u>6,077,932</u>
<b>Total Fund Balances</b>	<b><u>\$8,160,590</u></b>	<b><u>\$2,822,072</u></b>	<b><u>\$4,679,164</u></b>	<b><u>\$15,661,826</u></b>

**NOTE 19-ENCUMBRANCES**

**Contractual Commitments**

The School District had the following significant contractual commitments outstanding at June 30, 2020:

Contractor	Contract	Contract Amount	Paid Through June 30, 2020	Remaining Balance
Detillion Landscaping	Baseball Field Upgrade	\$158,413	\$0	\$158,413
Summit Construction	Construction-OSFC Project	10,698,586	10,194,443	504,143
B&B Roofing	Roof Replacement	416,843	301,780	115,063

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Encumbrances**

At June 30, 2020, the School District had encumbrance commitments in governmental funds as follows:

<i>Major Fund</i>	
General	\$105,257
 <i>Nonmajor Funds</i>	
Permanent Improvement	287,749
Disability Access Project	604,103
Classroom Facilities Maintenance	55,809
Capital Projects	115,063
Auxiliary Services	19,156
Student Wellness and Success	42,567
CARES Act	560,288
IDEA B Special Education	20,671
Title I School Improvement	61,371
Title I	71,110
Title II-A	13,055
Miscellaneous Federal Grants	26,000
Total Nonmajor Funds	<u>1,876,942</u>
Total Encumbrances	<u>\$1,982,199</u>

**NOTE 20-CONTINGENCIES**

**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 currently party to legal proceedings.

**State Foundation 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. ODE has finalized the adjustments and they did not have any significant impact on the School District's funding.

**Chillicothe City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**NOTE 21 – 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 continuing 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 plan in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of gains or 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.

**Chillicothe City School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*Last Seven Fiscal Years*

	2014	2015	2016	2017	2018	2019	2020
<i>State Teachers Retirement System</i>							
School District's proportion of the net pension liability	0.10857377%	0.10857377%	0.11320302%	0.11495518%	0.11323341%	0.11232366%	0.10889470%
School District's proportionate share of the net pension liability	\$31,458,107	\$26,408,898	\$31,286,004	\$38,478,964	\$26,898,839	\$24,697,451	\$24,081,408
School District's covered-employee payroll	\$10,958,115	\$10,683,146	\$10,995,771	\$13,174,171	\$13,237,257	\$12,532,043	\$12,837,271
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	287.1%	247.2%	284.5%	292.1%	203.2%	197.1%	187.6%
Plan fiduciary net position as a percentage of the total pension liability	69.3%	74.7%	72.1%	66.8%	75.3%	77.3%	77.4%
<i>School Employees Retirement System</i>							
School District's proportion of the net pension liability	0.11587900%	0.11587900%	0.12520490%	0.13317600%	0.13309090%	0.14172080%	0.14252540%
School District's proportionate share of the net pension liability	\$6,890,954	\$5,864,570	\$7,144,312	\$9,747,254	\$7,951,887	\$8,116,613	\$8,527,545
School District's covered-employee payroll	\$4,026,510	\$4,167,597	\$3,704,401	\$4,209,571	\$4,228,114	\$4,393,304	\$4,551,941
School District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	171.1%	140.7%	192.9%	231.5%	188.1%	184.7%	187.3%
Plan fiduciary net position as a percentage of the total pension liability	65.5%	71.7%	69.2%	63.0%	69.5%	71.4%	70.9%

The amounts presented are as of the School District's measurement date, which is the prior fiscal year end.  
Information not available prior to 2014.  
See accompanying notes to the required supplementary information.

**Chillicothe City School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)*  
*Last Four Fiscal Years*

	2017	2018	2019	2020
<i>State Teachers Retirement System</i>				
School District's proportion of the net OPEB liability (asset)	0.11495518%	0.11323341%	0.11232366%	0.10889470%
School District's proportionate share of the net OPEB liability (asset)	\$6,055,752	\$4,417,950	(\$1,804,927)	(\$1,803,558)
School District's covered-employee payroll	\$13,174,171	\$13,237,257	\$12,532,043	\$12,837,271
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered-employee payroll	46.0%	33.4%	-14.4%	-14.0%
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	37.3%	47.1%	176.0%	174.7%
<i>School Employees Retirement System</i>				
School District's proportion of the net OPEB liability	0.13317600%	0.13513480%	0.14284570%	0.14548210%
School District's proportionate share of the net OPEB liability	\$3,851,842	\$3,626,663	\$3,962,926	\$3,658,569
School District's covered-employee payroll	\$4,209,571	\$4,228,114	\$4,393,304	\$4,551,941
School District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	91.5%	85.8%	90.2%	80.4%
Plan fiduciary net position as a percentage of the total OPEB liability	11.5%	12.5%	13.6%	15.6%

The amounts presented are as of the School District's measurement date, which is the prior fiscal year end.  
Information not available prior to 2017.  
See accompanying notes to the required supplementary information.

**Chillicothe City School District**  
*Required Supplementary Information*  
*Schedule of School District Contributions*  
*Last Ten Fiscal Years*

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<i>State Teachers Retirement System</i>										
Contractually required contribution - pension	\$1,744,207	\$1,666,842	\$1,424,555	\$1,388,809	\$1,539,408	\$1,844,384	\$1,853,216	\$1,754,486	\$1,797,218	\$1,861,081
Contractually required contribution - OPEB	134,170	128,219	109,581	106,831	0	0	0	0	0	0
Contractually required contribution - total	1,878,377	1,795,061	1,534,136	1,495,640	1,539,408	1,844,384	1,853,216	1,754,486	1,797,218	1,861,081
Contributions in relation to the contractually required contribution	1,878,377	1,795,061	1,534,136	1,495,640	1,539,408	1,844,384	1,853,216	1,754,486	1,797,218	1,861,081
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District's covered-employee payroll	\$13,416,977	\$12,821,862	\$10,958,115	\$10,683,146	\$10,995,771	\$13,174,171	\$13,237,257	\$12,532,043	\$12,837,271	\$13,293,436
Contributions as a percentage of covered-employee payroll - pension	13.00%	13.00%	13.00%	13.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
Contributions as a percentage of covered-employee payroll - OPEB	1.00%	1.00%	1.00%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Contributions as a percentage of covered-employee payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
<i>School Employees Retirement System</i>										
Contractually required contribution - pension	\$556,650	\$627,846	\$557,269	\$577,629	\$488,240	\$589,340	\$591,936	\$593,096	\$614,512	\$648,845
Contractually required contribution - OPEB (1)	63,326	25,674	6,442	5,835	30,376	0	0	21,967	22,760	0
Contractually required contribution - total	619,976	653,520	563,711	583,464	518,616	589,340	591,936	615,063	637,272	648,845
Contributions in relation to the contractually required contribution	619,976	653,520	563,711	583,464	518,616	589,340	591,936	615,063	637,272	648,845
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
School District's covered-employee payroll	\$4,428,401	\$4,668,000	\$4,026,510	\$4,167,597	\$3,704,401	\$4,209,571	\$4,228,114	\$4,393,304	\$4,551,941	\$4,634,607
Contributions as a percentage of covered-employee payroll - pension	12.57%	13.45%	13.84%	13.86%	13.18%	14.00%	14.00%	13.50%	13.50%	14.00%
Contributions as a percentage of covered-employee payroll - OPEB	1.43%	0.55%	0.16%	0.14%	0.82%	0.00%	0.00%	0.50%	0.50%	0.00%
Contributions as a percentage of covered-employee payroll - total	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Excludes surcharge.

See accompanying notes to the required supplementary information.

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## **State Teachers Retirement System**

### **Pension**

#### **Changes in benefit terms**

There were no changes to benefit terms for fiscal years 2015 through 2017. For fiscal year 2018, the cost of living adjustment (COLA) was reduced to 0 percent effective July 1, 2017. There were no changes to benefit terms for fiscal years 2019 or 2020.

#### **Changes in assumptions**

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date:

- Inflation assumptions were lowered from 2.75 percent to 2.50 percent.
- Investment return assumptions were lowered from 7.75 percent to 7.45 percent.
- Total salary increases rates were lowered by decreasing merit component of the individual salary increases, as well as by 0.25 percent due to lower inflation.
- Payroll growth assumptions were lowered to 3.00 percent.
- Updated the health and disability mortality assumption to the RP-2014 mortality tables with generational improvement scale MP-2016.
- Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

There were no changes in assumptions for fiscal years 2019 or 2020.

### **OPEB**

#### **Changes in benefit terms**

There were no changes to benefit terms for fiscal year 2017.

For fiscal year 2018, STRS has the following changes in benefit terms since the previous measurement date:

- The HealthSpan HMO plans were eliminated.
- The subsidy multiplier for non-Medicare benefit recipients was reduced to 1.9 percent per year of service from 2.1 percent.
- Medicare Part B premium reimbursements were discontinued for survivors and beneficiaries who were age 65 by 2008 and either receiving a benefit or named as a beneficiary as of January 1, 2008.
- The remaining Medicare Part B premium reimbursements will be phased out over a three-year period.

For fiscal year 2019, the following was the most significant change in benefit terms that affected the total OPEB liability since the prior measurement date:

- The subsidy multiplier for non-Medicare benefit recipients increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements were scheduled to be discontinued beginning January 1, 2020, though the STRS Board voted in June 2019 to extend the current Medicare Part B partial reimbursement for one year.

**Chillicothe City School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

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For fiscal year 2020, there was no change to the claims costs process. Claim 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.

Changes in assumptions

There were no changes in assumptions for fiscal year 2017.

For fiscal year 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB 74.
- The long-term rate of return was reduced to 7.45 percent.
- Valuation-year per capita health costs were updated.
- The percentage of future retirees electing each option was updated based on current data.
- The assumed future trend rates were modified.
- Decrement rates including mortality, disability, retirement, and withdrawal were modified.
- The assumed percentage of future disabled retirees assumed to elect health coverage was decreased from 84 percent to 65 percent, and the assumed percentage of terminated vested participants assumed to elect health coverage at retirement was decreased from 47 percent to 30 percent.
- The assumed salary scale was modified.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate increased from a 4.13 percent blended discount rate to 7.45 percent.
- The health care trend assumption rate changed from 6 to 11 percent initial, 4.5 percent ultimate to:
  - Medical Medicare – 6 percent initial, 4 percent ultimate
  - Medical Pre-Medicare – 5 percent initial, 4 percent ultimate
  - Prescription Drug Medicare – 8 percent initial, 4 percent ultimate
  - Prescription Drug Pre-Medicare – -5.23 percent initial, 4 percent ultimate

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The health care trend assumption rate changed as follows:
  - Medical Medicare – from 6 percent to 5.87 percent initial, 4 percent ultimate
  - Medical Pre-Medicare – from 5 percent to 4.93 percent initial, 4 percent ultimate
  - Prescription Drug Medicare – from 8 percent to 7.73 percent initial, 4 percent ultimate
  - Prescription Drug Pre-Medicare – from -5.23 percent to 9.62 initial, 4 percent ultimate

**School Employees Retirement System**

**Pension**

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2015 through 2017.

**Chillicothe City School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

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For fiscal year 2018, the following were the most significant changes in benefit that affected the total pension liability since the prior measurement date:

- The cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.5 percent with a floor of 0 percent 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 calendars 2018, 2019, and 2020.

There were no changes to benefit terms for fiscal years 2019 or 2020.

Changes in assumptions

There were no changes in assumptions for fiscal years 2015 through 2017.

For fiscal year 2018, the following changes were made to the actuarial assumptions as identified. These new assumptions compared with those used in fiscal year 2016 and prior are presented below:

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

There were no changes in assumptions for fiscal years 2019 or 2020.

**OPEB**

Changes in benefit terms

There were no changes to benefit terms for fiscal years 2017 through 2020.

Changes in assumptions

For fiscal year 2017, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

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

**Chillicothe City School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

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- Mortality among disabled members was updated to the following:
  - RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

For fiscal year 2018, the following was the most significant change of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was increased from 2.98 percent to 3.63.

For fiscal year 2019, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The discount rate was changed from 3.63 percent to 3.70 percent.
- The municipal bond index rate increased from 3.56 percent to 3.62 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63 percent to 3.70 percent.
- The medical trend assumption rate changed as follows:
  - Medicare – 2018 – 5.50 to 5.00 percent, 2019 – 5.375 to 4.75 percent
  - Pre-Medicare – 2018 – 7.50 to 5.00 percent, 2019 – 7.25 to 4.75

For fiscal year 2020, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date:

- The municipal bond index rate decreased from 3.62 percent to 3.13 percent.
- The single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70 percent to 3.22 percent.
- The medical trend assumption rate changed as follows:
  - Medicare – 2019 – 5.375 to 4.75 percent, 2020 – 5.25 to 4.75 percent
  - Pre-Medicare – 2019 – 7.25 to 4.75, 2020 – not presented

**Chillicothe City School**  
**Ross County**  
*Schedule of Expenditure of Federal Awards*  
*For the Fiscal Year Ended June 30, 2020*

Federal Grantor/Pass Through Grantor/Program Title	Pass Through Entity Number	Federal CFDA Number	Total Federal Receipts	Total Federal Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed through the Ohio Department of Education</i>				
Child Nutrition Cluster:				
National School Lunch Program non-cash	3L60	10.555	\$ 119,166	\$ 119,166
National School Lunch Program	3L60	10.555	728,747	728,747
COVID-19- National School Lunch Program	3L60	10.555	302,959	302,959
Total National School Lunch Program			1,150,872	1,150,872
School Breakfast Program	3L70	10.553	275,985	275,985
COVID 19 - School Breakfast	3L70	10.553	166,174	166,174
Total School Breakfast Program			442,159	442,159
Total Child Nutrition Cluster			1,593,031	1,593,031
<b>Total U.S. Department of Agriculture</b>			1,593,031	1,593,031
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>				
<i>Pass through the Ohio Dept Of Transportation</i>				
Highway Planning and Construction Cluster:				
Safe Routes to School		20.205	-	18
Total Highway Planning and Construction Cluster			-	18
<b>Total U.S. Department of Transportation</b>			-	18
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed through the Ohio Department of Education</i>				
Special Education Cluster:				
Special Education-Grants to States-Title 6-b-201 516-9191	3M20	84.027	106,809	111,478
Special Education-Grants to States-Title 6b-2020	3M20	84.027	563,328	563,101
Total Special Education - Grants to States			670,137	674,579
ECSC-PreSchool Special Education-2020	3C50	84.173	3,150	14,751
Preschool Restoration	3C50	84.173	6,301	6,301
Total Special Education - Preschool Restoration			9,451	21,052
Total Special Education Cluster			679,588	695,631
Title IV-A Student Support FY19	3H10	84.424	7,569	34,270
Title IV-A Student Support FY20	3H10	84.424	117,340	114,879
Total Student Support			124,909	149,149
Title 1 Basic Grant-2019	3M00	84.010	174,721	171,983
Title 1 Basic Grant-2020	3M00	84.010	1,201,710	1,180,514
School Improvement 1003 FY19	3M00	84.010	39,110	40,306
School Improvement 1003 FY20	3M00	84.010	114,241	57,965
Total Title I			1,529,782	1,450,768
Improving Teacher Quality State Grants-2019	3Y60	84.367	14,759	26,215
Improving Teacher Quality State Grants-2020	3Y60	84.367	163,593	159,960
Total Improving Teacher Quality			178,352	186,175
Education for Homeless Education 2019	3EJO	84.196	27,997	22,826
Education for Homeless Education 2020	3EJO	84.196	56,417	56,063
Total Education for Homeless and Children and Youth			84,414	78,889
Grants to States-Rural and Low Income-2019	3Y80	84.358	23,743	23,696
Grants to States-Rural and Low Income-2020	3Y80	84.358	41,767	41,884
Total Rural and Low Income			65,510	65,580
Elementary & Secondary School Emergency Relief (ESSER) Fund		84.425D	-	18,885
Total ESSER			-	18,885
<b>Total United States Department of Education</b>			2,662,555	2,645,077
<b>Total Expenditures of Federal Awards</b>			\$ 4,255,586	\$ 4,238,126

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**CHILLICOTHE CITY SCHOOL DISTRICT  
ROSS 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 Chillicothe City School District (the 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 District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

**NOTE F - MATCHING REQUIREMENTS**

Certain Federal programs require the District to contribute non-Federal Funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**NOTE G - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2019 to 2020 programs:

<u>PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>AMOUNT</u>
Title I Grants to Local Education Agencies	84.010	\$ 36,234
Title IIA	84.367	5,112
Title IVA	84.424	1,916
Title VB Rural & Low Income	84.358	1,303

# OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash  
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SouthwestRegion@ohioauditor.gov

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

Chillicothe City School District  
Ross County  
425 Yoctangee Parkway  
Chillicothe, Ohio 45601

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, the business-type activities, each major fund, and the aggregate remaining fund information of the Chillicothe City School District, Ross County, (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 14, 2021. We noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

### ***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
April 14, 2021



# OHIO AUDITOR OF STATE KEITH FABER



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

Chillicothe City School District  
Ross County  
425 Yoctangee Parkway  
Chillicothe, Ohio 45601

To the Board of Education:

### ***Report on Compliance for each Major Federal Program***

We have audited Chillicothe City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Chillicothe City School District's major federal programs for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

### ***Opinion on each Major Federal Program***

In our opinion, Chillicothe City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2020.

**Report on Internal Control Over Compliance**

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
April 14, 2021

**CHILLICOTHE CITY SCHOOL DISTRICT  
ROSS COUNTY**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	10.553/10.555 Child Nutrition Cluster  84.027/84.173 Special Education Cluster
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR § 200.520?	No

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

None noted.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None noted.

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425 YOCTANGEE PARKWAY  
CHILLICOTHE, OHIO 45601  
(740) 775-4250

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**2 CFR 200.511(b)**  
**JUNE 30, 2020**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	Inaccurate Financial Reporting	Partially Corrected	Reported as Management Letter Comment



# OHIO AUDITOR OF STATE KEITH FABER



**CHILLICOTHE CITY SCHOOL DISTRICT**

**ROSS COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 5/6/2021**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)