



**ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT  
HAMILTON COUNTY  
SINGLE AUDIT  
FOR THE YEAR ENDED JUNE 30, 2020**

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Marietta, OH 45750  
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304 422 2203

150 W. Main St., #A  
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Board of Education  
St. Bernard-Elmwood Place City School District  
105 Washington Avenue  
St. Bernard, Ohio 45217

We have reviewed the *Independent Auditor's Report* of the St. Bernard-Elmwood Place City School District, Hamilton County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period July 1, 2019 through June 30, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

March 25, 2021

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**ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT  
HAMILTON COUNTY**

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**ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT  
HAMILTON COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

February 1, 2021

St. Bernard-Elmwood Place City School District  
Hamilton County  
105 Washington Avenue  
St. Bernard, Ohio 45217

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of **St. Bernard-Elmwood Place City School District**, Hamilton 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.

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the St. Bernard-Elmwood Place City School District, Hamilton County, Ohio, as of June 30, 2020, and the respective changes in financial position 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 ensuing emergency measures will 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*, required budgetary comparison for the General fund, and schedules of net pension liabilities 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 the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule 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 February 1, 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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**St. Bernard-Elmwood Place City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

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The discussion and analysis of St. Bernard-Elmwood Place City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and basic financial statements to enhance their understanding of the District's performance.

### **Financial Highlights**

Key financial highlights for 2020 are as follows:

- Net position of governmental activities increased \$1,704,580 which represents a 5% increase from 2019.
- General revenues accounted for \$12,383,799 in revenue or 69% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,574,635 or 31% of total revenues of \$17,958,434.
- The District had \$16,253,854 in expenses related to governmental activities; \$5,574,635 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$12,383,799 were also used to provide for these programs.

### **Overview of the Financial Statements**

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The General Fund, Building Fund and the Classroom Facilities Fund are the only major funds of the District.

### **Government-wide Financial Statements**

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The Government-wide Financial Statements answer this question. These statements include *all assets and deferred outflows*, and *liabilities and deferred inflows* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**St. Bernard-Elmwood Place City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

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These two statements report the District's *net position* and changes in the net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the overall financial position of the District is presented in the following manner:

- Governmental Activities – Most of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

**Fund Financial Statements**

The analysis of the District's major funds is presented in the Fund Financial Statements (see Table of Contents). Fund financial reports provide detailed information about the funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

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

**Fiduciary Funds** Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

**The District as a Whole**

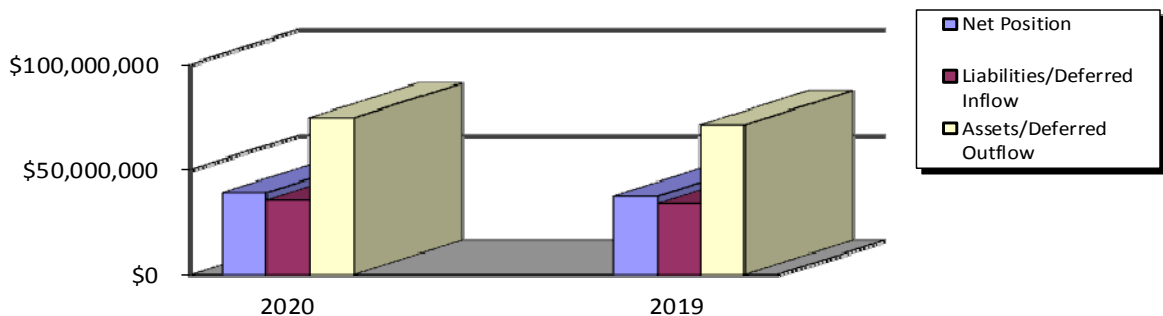
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2020 compared to 2019:

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**St. Bernard-Elmwood Place City School District**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

Table 1  
Net Position

	Governmental Activities	
	2020	2019
<b>Assets:</b>		
Current and Other Assets	\$60,403,140	\$62,079,606
Net OPEB Asset	806,445	807,622
Capital Assets	10,177,868	4,369,985
<b>Total Assets</b>	<b>71,387,453</b>	<b>67,257,213</b>
<b>Deferred Outflows of Resources:</b>		
Pension	2,655,039	3,549,227
OPEB	357,510	175,292
<b>Total Deferred Outflows of Resources</b>	<b>3,012,549</b>	<b>3,724,519</b>
<b>Liabilities:</b>		
Other Liabilities	2,049,937	1,434,476
Long-Term Liabilities	25,828,016	25,855,571
<b>Total Liabilities</b>	<b>27,877,953</b>	<b>27,290,047</b>
<b>Deferred Inflows of Resources:</b>		
Property Taxes	4,759,498	3,269,587
Pension	1,284,491	1,584,341
Grants and Other Taxes	27,238	27,088
OPEB	1,442,737	1,507,164
<b>Total Deferred Inflows of Resources</b>	<b>7,513,964</b>	<b>6,388,180</b>
<b>Net Position:</b>		
Net Investment in Capital Assets	8,119,025	3,965,999
Restricted	25,863,215	28,510,755
Unrestricted	5,025,845	4,826,751
<b>Total Net Position</b>	<b>\$39,008,085</b>	<b>\$37,303,505</b>



Over time, net position can serve as a useful indicator of a government’s financial position. At June 30, 2020, the District’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$39,008,085.

**St. Bernard-Elmwood Place City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

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At year-end, capital assets represented 14% of total assets. Capital assets include land, buildings and improvements, construction in process, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2020, were \$8,119,025. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$25,863,215 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Total assets increased from the prior year due primarily to an increase in capital assets. Long-term liabilities decreased slightly due to a decrease in the net other post employment benefits liability along with the District continually making payments on their outstanding debt.

Table 2 shows the changes in net position for fiscal years 2020 and 2019.

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**St. Bernard-Elmwood Place City School District**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

Table 2  
Changes in Net Position

	Governmental Activities	
	2020	2019
Revenues:		
Program Revenues		
Charges for Services and Sales	\$1,695,853	\$1,742,409
Operating Grants, Contributions	3,878,782	3,665,596
General Revenues:		
Property Taxes	5,247,281	5,161,816
Grants and Entitlements	6,132,032	6,485,296
Other	1,004,486	790,897
Total Revenues	<u>17,958,434</u>	<u>17,846,014</u>
Program Expenses:		
Instruction	9,047,918	7,006,069
Support Services:		
Pupil and Instructional Staff	1,308,328	1,034,440
School Administrative, General		
Administration, Fiscal and Business	1,655,975	1,309,140
Operations and Maintenance	1,308,735	1,201,541
Pupil Transportation	325,684	289,777
Central	261,983	198,552
Operation of Non-Instructional Services	1,651,964	1,685,655
Extracurricular Activities	323,204	275,814
Interest and Fiscal Charges	370,063	382,028
Total Program Expenses	<u>16,253,854</u>	<u>13,383,016</u>
Change in Net Position	1,704,580	4,462,998
Net Position - Beginning of Year	<u>37,303,505</u>	<u>32,840,507</u>
Net Position - End of Year	<u><u>\$39,008,085</u></u>	<u><u>\$37,303,505</u></u>

Of the total governmental activities revenues of \$17,958,434, \$5,574,635 is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of those general revenues, \$5,247,281 (29%) comes from property tax levies and \$6,132,032 (34%) is from state funding. This District’s operations are reliant upon its property tax levy and the state’s foundation program.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

**St. Bernard-Elmwood Place City School District**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

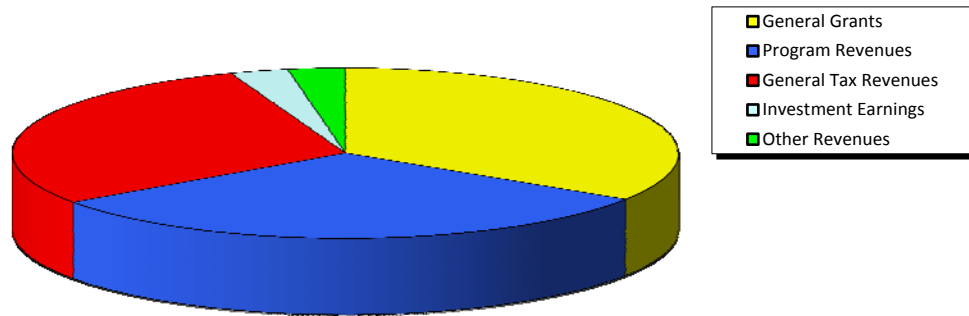
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Thus Ohio districts do not receive additional property tax revenue from increases in appraisal values and must regularly return to the voters to maintain a constant level of service.

**Governmental Activities**  
**Revenue Sources**

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	2020	Percentage
General Grants	\$6,132,032	34%
Program Revenues	5,574,635	31%
General Tax Revenues	5,247,281	29%
Investment Earnings	507,185	3%
Other Revenues	497,301	3%
<b>Total Revenue Sources</b>	<b>\$17,958,434</b>	<b>100%</b>



Instruction comprises 56% of governmental program expenses. Support services expenses were 30% of governmental program expenses. All other expenses including interest expense were 14%. Interest expense was attributable to the outstanding borrowing for capital projects.

Operating grant revenues increased mainly due to an increase in grant monies (intergovernmental revenue) received in 2020 compared to 2019. Total expenses for fiscal year 2020 when compared to fiscal year 2019 increased due to changes related to net pension liability and other post employment benefits liability.

**Governmental Activities**

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

**St. Bernard-Elmwood Place City School District**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

Table 3  
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Instruction	\$9,047,918	\$7,006,069	(\$5,648,891)	(\$3,544,807)
Support Services:				
Pupil and Instructional Staff	1,308,328	1,034,440	(645,487)	(830,001)
School Administrative, General				
Administration, and Fiscal	1,655,975	1,309,140	(1,614,602)	(1,279,424)
Operations and Maintenance	1,308,735	1,201,541	(1,304,112)	(1,197,757)
Pupil Transportation	325,684	289,777	(315,667)	(260,876)
Central	261,983	198,552	(261,983)	(198,552)
Operation of Non-Instructional Services	1,651,964	1,685,655	(276,905)	(103,789)
Extracurricular Activities	323,204	275,814	(241,509)	(177,777)
Interest and Fiscal Charges	370,063	382,028	(370,063)	(382,028)
Total Expenses	<u>\$16,253,854</u>	<u>\$13,383,016</u>	<u>(\$10,679,219)</u>	<u>(\$7,975,011)</u>

**Districts Major Funds**

The District has three major governmental funds: the General Fund, the Building Fund and the Classroom Facilities Fund. Assets of these funds comprised \$57,116,620 (94%) of the total \$60,700,571 governmental funds’ assets.

**General Fund:** Fund balance at June 30, 2020 was \$18,137,580. The fund balance increased \$530,932 from 2019 to 2020. The overall fund balance increased is due to revenues exceeding expenditures during the year.

**Building Fund:** Fund balance at June 30, 2020 was \$6,168,208.

**Classroom Facilities Fund:** Fund balance at June 30, 2020 was \$9,027,365.

**General Fund Budgeting Highlights**

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

The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District reviews the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, final budget basis revenue was \$14,721,627, compared to original budget estimates of \$14,453,459. Of the \$268,168 difference, most was due to underestimation of tax and intergovernmental revenues.

The District’s ending unobligated cash balance for the General Fund was \$17,887,749 which is \$257,743 below the original budgeted amount. Actual expenditures were more than the original budget mainly due to under estimation of instructional and support services expenditures.



**St. Bernard-Elmwood Place City School District**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

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**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2020, the District had \$10,177,868 invested in land, buildings and improvements, construction in progress, and equipment. Table 4 shows fiscal year 2020 balances compared to fiscal year 2019:

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

	Governmental Activities	
	2020	2019
Land	\$306,322	\$306,322
Constuction In Progress	9,337,649	3,228,383
Buildings and Improvements	251,112	398,614
Equipment	282,785	436,666
Total Net Capital Assets	<u>\$10,177,868</u>	<u>\$4,369,985</u>

The increase in capital assets is due to the continuation of the construction project within the District.

See Note 6 to the basic financial statements for further details on the District’s capital assets.

**Debt**

At June 30, 2020, the District had \$9,577,422 in debt outstanding, \$200,000 due within one year. Table 5 summarizes debt outstanding.

Table 5  
Outstanding Debt, at Year End

	Governmental Activities	
	2020	2019
Bonds:		
2017 Classroom Facilities Bonds	\$8,245,000	\$8,345,000
Premium on 2017 Classroom Facilities Bonds	447,422	449,241
Capital Lease	885,000	980,000
Total Outstanding Debt at Year End	<u>\$9,577,422</u>	<u>\$9,774,241</u>

See Note 7 and 8 in the notes to the basic financial statements for further details on the District’s outstanding debt.

**St. Bernard-Elmwood Place City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

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**For the Future**

Externally, the Ohio Supreme Court found the State of Ohio in March 1997, to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. In May of 2000, the Ohio Supreme Court again ruled that, while the State had made some progress, the current funding system for schools is far too dependent on property taxes which are inherently not "equitable" or "adequate". The Court directed the Governor and the legislature to address the fundamental issues creating the inequities. In 2001, the Ohio legislature crafted a school-funding program to address the Court's concerns.

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...".

The District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations, or if the State of Ohio will comply with the decision.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years. Financially, the future of the District is not without challenges. Management must diligently plan future expenditures.

HB66 caused the district to lose over \$4,000,000 in local personal property tax revenue. During the fiscal years 2006 through 2010 the District was reimbursed for a portion of this lost revenue from the state based on the Districts fiscal year 2004 personal property tax collections. However, this reimbursement did not replace the anticipated tax revenues the District was expecting in fiscal years 2006 through 2010. For fiscal years 2011 through 2017 the reimbursement will be phased out completely. After fiscal year 2017, the District will only receive an increase in the foundation amount received from the state due to any decrease in valuation. The District will have further budget reductions up through 2018 as needed. In June of 2013, the budget for 2014 and 2015 was passed (HB 59). District budget was increased by approximately \$250,000 per year. The District still receives \$2,724,638 payment for tangible personal property tax payments because of HB 66. The District was not required to repay any of this tangible personal property during this biennium.

In June of 2015, the budget for 2016 and 2017 was passed (HB 64). The gain cap was reduced to 7.5% which increased the budget as the district is consistently capped. The budget also introduced capacity aid which is aimed toward small, low income districts. St. Bernard-Elmwood Place benefits significantly from the new capacity funding. The new budget bill increases the district's funds in the short run. In the coming years the reduction of Tangible Personal Property Tax Reimbursement has a great impact on the district, specifically the taxpayers. The gain cap was set at 3% for fiscal years 2018 and 2019 by house bill 49. The new budget bill for 2020 and 2021 was set at the frozen funding level of 2019. In May of 2020 the state cut the district budget by \$121,000 due to COVID-19 cuts. The state announced the same cut would happen for 2021 as well.

All of the District's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

**St. Bernard-Elmwood Place City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)**

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**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer at St. Bernard-Elmwood Place City School District, 105 Washington Avenue, St. Bernard, Ohio 45217.

St. Bernard-Elmwood Place City School District  
Statement of Net Position  
June 30, 2020

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$36,459,328
Restricted Cash and Investments	331,118
Receivables (Net):	
Taxes	6,208,684
Accounts	428
Intergovernmental	17,374,004
Prepays	12,414
Inventory	17,164
Nondepreciable Capital Assets	9,643,971
Depreciable Capital Assets, Net	533,897
Net OPEB Asset	806,445
<b>Total Assets</b>	<b>71,387,453</b>
Deferred Outflows of Resources:	
Pension	2,655,039
OPEB	357,510
<b>Total Deferred Outflows of Resources</b>	<b>3,012,549</b>
Liabilities:	
Accounts Payable	16,679
Accrued Wages and Benefits	1,082,856
Contracts Payable	588,470
Retainage Payable	331,118
Accrued Interest Payable	30,814
Long-Term Liabilities:	
Due Within One Year	274,045
Due In More Than One Year:	
Net Pension Liability	13,759,833
Net OPEB Liability	1,274,611
Other Amounts	10,519,527
<b>Total Liabilities</b>	<b>27,877,953</b>
Deferred Inflows of Resources:	
Property Taxes	4,759,498
Grants and Other Taxes	27,238
OPEB	1,442,737
Pension	1,284,491
<b>Total Deferred Inflows of Resources</b>	<b>7,513,964</b>
Net Position:	
Net Investment in Capital Assets	8,119,025
Restricted for:	
Debt Service	320,796
Capital Projects	24,572,327
Other Grants	135,910
Capital Maintenance	262,422
District Managed Activities	16,053
State Grants	225,421
Federal Grants	29,950
Food Service	162,247
Other Purposes	138,089
Unrestricted	5,025,845
<b>Total Net Position</b>	<b>\$39,008,085</b>

See accompanying notes to the basic financial statements.

St. Bernard-Elmwood Place City School District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2020

	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services and Sales	Operating Grants and Contributions	and Changes in Net Position Governmental Activities
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$6,178,820	\$1,422,516	\$762,852	(\$3,993,452)
Special	2,670,540	126,082	971,040	(1,573,418)
Other	198,558	0	116,537	(82,021)
<b>Support Services:</b>				
Pupil	773,213	0	8,744	(764,469)
Instructional Staff	535,115	1,213	652,884	118,982
General Administration	20,060	0	0	(20,060)
School Administration	1,187,765	0	0	(1,187,765)
Fiscal	443,866	0	41,373	(402,493)
Business	4,284	0	0	(4,284)
Operations and Maintenance	1,308,735	4,623	0	(1,304,112)
Pupil Transportation	325,684	0	10,017	(315,667)
Central	261,983	0	0	(261,983)
Operation of Non-Instructional Services	1,651,964	59,724	1,315,335	(276,905)
Extracurricular Activities	323,204	81,695	0	(241,509)
Interest and Fiscal Charges	370,063	0	0	(370,063)
<b>Totals</b>	<b>\$16,253,854</b>	<b>\$1,695,853</b>	<b>\$3,878,782</b>	<b>(10,679,219)</b>

**General Revenues:**

Property Taxes Levied for:

General Purposes	4,788,849
Special Revenue Purposes	42,549
Debt Service Purposes	415,883
Grants and Entitlements, Not Restricted	6,132,032
Revenue in Lieu of Taxes	27,238
Unrestricted Contributions	438,950
Investment Earnings	507,185
Other Revenues	31,113

Total General Revenues 12,383,799

Change in Net Position 1,704,580

Net Position - Beginning of Year 37,303,505

Net Position - End of Year \$39,008,085

See accompanying notes to the basic financial statements.

St. Bernard-Elmwood Place City School District  
Balance Sheet  
Governmental Funds  
June 30, 2020

	General	Building	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$17,976,360	\$6,278,065	\$9,505,978	\$2,698,925	\$36,459,328
Restricted Cash and Investments	0	62,283	268,835	0	331,118
<b>Receivables (Net):</b>					
Taxes	5,691,851	0	0	516,833	6,208,684
Accounts	176	0	0	252	428
Intergovernmental	129,048	0	16,895,333	349,623	17,374,004
Interfund	297,431	0	0	0	297,431
Prepays	11,260	0	0	1,154	12,414
Inventory	0	0	0	17,164	17,164
<b>Total Assets</b>	<b>24,106,126</b>	<b>6,340,348</b>	<b>26,670,146</b>	<b>3,583,951</b>	<b>60,700,571</b>
<b>Liabilities:</b>					
Accounts Payable	16,130	0	0	549	16,679
Accrued Wages and Benefits	975,365	0	0	107,491	1,082,856
Contracts Payable	0	109,857	478,613	0	588,470
Retainage Payable	0	62,283	268,835	0	331,118
Interfund Payable	0	0	0	297,431	297,431
<b>Total Liabilities</b>	<b>991,495</b>	<b>172,140</b>	<b>747,448</b>	<b>405,471</b>	<b>2,316,554</b>
<b>Deferred Inflows of Resources:</b>					
Property Taxes	4,951,851	0	0	446,833	5,398,684
Grants and Other Taxes	25,200	0	16,895,333	105,716	17,026,249
<b>Total Deferred Inflows of Resources</b>	<b>4,977,051</b>	<b>0</b>	<b>16,895,333</b>	<b>552,549</b>	<b>22,424,933</b>
<b>Fund Balances:</b>					
Nonspendable	11,260	0	0	1,154	12,414
Restricted	0	6,168,208	9,027,365	1,304,858	16,500,431
Assigned	689,695	0	0	1,452,182	2,141,877
Unassigned (Deficit)	17,436,625	0	0	(132,263)	17,304,362
<b>Total Fund Balances</b>	<b>18,137,580</b>	<b>6,168,208</b>	<b>9,027,365</b>	<b>2,625,931</b>	<b>35,959,084</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$24,106,126</b>	<b>\$6,340,348</b>	<b>\$26,670,146</b>	<b>\$3,583,951</b>	<b>\$60,700,571</b>

See accompanying notes to the basic financial statements.

St. Bernard-Elmwood Place City School District  
 Reconciliation of Total Governmental Fund Balance to  
 Net Position of Governmental Activities  
 June 30, 2020

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Total Governmental Fund Balance		\$35,959,084
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.		
Capital assets used in the operation of Governmental Funds		10,177,868
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	639,186	
Intergovernmental	<u>16,999,011</u>	
		17,638,197
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(30,814)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(1,216,150)
Deferred outflows and inflows or resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	2,655,039	
Deferred inflows of resources related to pensions	(1,284,491)	
Deferred outflows of resources related to OPEB	357,510	
Deferred inflows of resources related to OPEB	<u>(1,442,737)</u>	
		285,321
Long-term liabilities and net OPEB assets are not available to pay for current period expenditures and are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB Asset	806,445	
Net Pension Liability	(13,759,833)	
Net OPEB Liability	(1,274,611)	
Other Amounts	<u>(9,577,422)</u>	
		<u>(23,805,421)</u>
Net Position of Governmental Activities		<u>\$39,008,085</u>

See accompanying notes to the basic financial statements.

St. Bernard-Elmwood Place City School District  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2020

	General	Building	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property and Other Taxes	\$4,466,905	\$0	\$0	\$427,255	\$4,894,160
Tuition and Fees	1,557,289	0	0	0	1,557,289
Investment Earnings	207,799	121,000	174,580	3,806	507,185
Intergovernmental	7,410,023	0	3,504,818	2,604,889	13,519,730
Extracurricular Activities	37,910	0	0	36,307	74,217
Charges for Services	0	0	0	59,724	59,724
Revenue in Lieu of Taxes	25,200	0	0	2,038	27,238
Other Revenues	18,928	436,750	0	19,007	474,685
<b>Total Revenues</b>	<b>13,724,054</b>	<b>557,750</b>	<b>3,679,398</b>	<b>3,153,026</b>	<b>21,114,228</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	5,759,741	0	0	127,462	5,887,203
Special	2,238,177	0	0	337,823	2,576,000
Other	3,040	0	0	187,544	190,584
<b>Support Services:</b>					
Pupil	725,284	0	0	10,772	736,056
Instructional Staff	191,854	0	0	325,537	517,391
General Administration	19,632	0	0	0	19,632
School Administration	1,137,173	0	0	0	1,137,173
Fiscal	421,564	0	0	9,926	431,490
Business	4,284	0	0	0	4,284
Operations and Maintenance	1,105,963	0	2,130	30,450	1,138,543
Pupil Transportation	282,774	0	0	527	283,301
Central	245,161	0	0	0	245,161
Operation of Non-Instructional Services	0	0	0	1,586,891	1,586,891
Extracurricular Activities	220,030	0	0	90,535	310,565
Capital Outlay	168,945	1,224,117	4,716,204	0	6,109,266
<b>Debt Service:</b>					
Principal Retirement	0	0	0	195,000	195,000
Interest and Fiscal Charges	0	0	0	372,306	372,306
<b>Total Expenditures</b>	<b>12,523,622</b>	<b>1,224,117</b>	<b>4,718,334</b>	<b>3,274,773</b>	<b>21,740,846</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,200,432</b>	<b>(666,367)</b>	<b>(1,038,936)</b>	<b>(121,747)</b>	<b>(626,618)</b>
<b>Other Financing Sources (Uses):</b>					
Transfers In	0	500,000	0	169,500	669,500
Transfers (Out)	(669,500)	0	0	0	(669,500)
<b>Total Other Financing Sources (Uses)</b>	<b>(669,500)</b>	<b>500,000</b>	<b>0</b>	<b>169,500</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>530,932</b>	<b>(166,367)</b>	<b>(1,038,936)</b>	<b>47,753</b>	<b>(626,618)</b>
<b>Fund Balance - Beginning of Year</b>	<b>17,606,648</b>	<b>6,334,575</b>	<b>10,066,301</b>	<b>2,578,178</b>	<b>36,585,702</b>
<b>Fund Balance - End of Year</b>	<b>\$18,137,580</b>	<b>\$6,168,208</b>	<b>\$9,027,365</b>	<b>\$2,625,931</b>	<b>\$35,959,084</b>

See accompanying notes to the basic financial statements.



St. Bernard-Elmwood Place City School District  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2020

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Net Change in Fund Balance - Total Governmental Funds (\$626,618)

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

Governmental funds report capital asset additions 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 of the difference between capital asset additions and depreciation in the current period.

Capital assets used in governmental activities	6,109,266	
Depreciation Expense	<u>(301,383)</u>	5,807,883

Governmental funds report district pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employer contributions are reported as pension and OPEB expense.

District pension contributions	1,077,610	
Pension Expense	<u>(1,718,747)</u>	
District OPEB contributions	30,966	
OPEB Expense	<u>232,698</u>	(377,473)

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

Delinquent Property Taxes	353,121	
Intergovernmental	<u>(3,508,915)</u>	(3,155,794)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

195,000

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due.

424

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences	(140,661)	
Amortization of Bond Premium	<u>1,819</u>	(138,842)

Change in Net Position of Governmental Activities \$1,704,580

See accompanying notes to the basic financial statements.

St. Bernard-Elmwood Place City School District  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2020

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	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	\$218,585	\$27,656
Receivables (Net):		
Accounts	0	8
Total Assets	<u>218,585</u>	<u>27,664</u>
Liabilities:		
Other Liabilities	0	27,664
Total Liabilities	<u>0</u>	<u>\$27,664</u>
Net Position:		
Held in Trust	<u>218,585</u>	
Total Net Position	<u>\$218,585</u>	

See accompanying notes to the basic financial statements.

St. Bernard-Elmwood Place City School District  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2020

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	Private Purpose Trust
Additions:	
Donations	<u>\$6,870</u>
Total Additions	<u>6,870</u>
Deductions:	
Scholarships	<u>2,711</u>
Total Deductions	<u>2,711</u>
Change in Net Position	4,159
Net Position - Beginning of Year	<u>214,426</u>
Net Position - End of Year	<u><u>\$218,585</u></u>

See accompanying notes to the basic financial statements.

**St. Bernard-Elmwood Place City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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**Note 1 – Description of the District**

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The St. Bernard-Elmwood Place City School District (the District) was chartered by the Ohio State Legislature in 1968. Prior to 1968, Elmwood Place and St. Bernard were separate school districts. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies.

The District is the fifth smallest in Hamilton County in terms of enrollment. It currently operates two elementary schools (grades preschool-6 and grades K-6), and one junior/senior high school (grades 7-12).

**Reporting Entity**

In accordance with Governmental Accounting Standards Board (GASB) Statement 61, the reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the District. This includes general operations, food service, and student related activities of the District.

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

The District is associated with two jointly governed organizations and one insurance purchasing pool. These organizations are:

Jointly Governed Organizations:

Hamilton Clermont Cooperative Information Technology Center  
Great Oaks Career Campuses

Insurance Purchasing Pool:

Ohio Association of School Business Officials Workers' Compensation GRP

These organizations are presented in Note 12 and 13 to the basic financial statements.

**Note 2 – Summary of Significant Accounting Policies**

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

**St. Bernard-Elmwood Place City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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**Measurement Focus**

**Government-wide Financial Statements**

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net position. Fiduciary Funds are not included in government-wide statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program 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 District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities 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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

**Fund Accounting**

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

**Governmental Funds**

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

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

**St. Bernard-Elmwood Place City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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Building Fund – The building fund accounts for receipts and expenditures related to the construction of school facilities.

Classroom Facilities Fund – The classroom facilities fund accounts for monies received and expended in connection with contracts entered into by the school district and the Ohio Department of Education for the building and equipping of classroom facilities.

**Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodian in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's has a Student Activity Agency fund which accounts for assets and liabilities generated by student managed activities. The District's only trust fund is a private purpose trust which accounts for scholarship programs for students.

**Basis of Accounting**

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

Revenues – Exchange and Non-exchange Transactions

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

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

**St. Bernard-Elmwood Place City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, 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 District, deferred outflows of resources includes pension and other post employment benefits. These amounts are reported on the government-wide statement of net position. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 9 and 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension, OPEB, and grants and other taxes. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance year 2021 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Grants and other taxes have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Deferred inflows related to pension and OPEB plans are reported on the governmental-wide statement of net position. For more pension and OPEB related information, see Notes 9 and 10.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

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

**Equity in Pooled Cash and Investments**

Cash received by the District is pooled for investment purposes. Interest in the pool is presented as “Equity in Pooled Cash and Investments” on the financial statements.

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

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

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Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2020 amounted to \$207,799 for the General Fund, \$121,000 for the Building Fund, \$174,580 for the Classroom Facilities Fund, and \$3,806 for Other Governmental Funds.

**Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of food held for resale.

**Prepaid Items**

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

**Capital Assets**

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value. The District maintains a capitalization threshold of five thousand dollars (\$5,000). The 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 are depreciated, except land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is allocated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	10-50 years
Equipment	5-20 years

**Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, 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



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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.

**Compensated Absences**

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences are recognized when due. The related liability is recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid.

The District's policies regarding compensated absences are determined by the state laws and/or negotiated agreements. In summary, the policies are as follows:

<u>Vacation</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How earned	Not Eligible	1.75-2.25 days per month	10-21 days for each service year depending on length of service.
Maximum Accumulation	Not Applicable	Per contract	Per contract
Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	Paid upon Termination	Paid upon Termination
<u>Sick Leave</u>			
How Earned	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)
Maximum Accumulation	260 days	Number of days in contract -- 275	Number of days in contract -- 215-260

**St. Bernard-Elmwood Place City School District**  
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Vested	As Earned	As Earned	As Earned
Termination			
Entitlement	Per Contract	Per Contract	Per Contract

**Net Position**

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

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the District's \$25,863,215 in restricted net position, \$0 was restricted by enabling legislation.

**Interfund Activity**

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

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

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

**Fund Balance**

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

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education. Formal action by the Board of Education is needed to commit or rescind resources.

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Assigned – resources that are intended to be used for specific purposes as approved through the District’s formal purchasing procedure by the Treasurer.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenditures for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

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

**Estimates**

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

**Note 3 – Equity in Pooled Cash and Investments**

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The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the financial statements as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies held by the District can 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.

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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.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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 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, 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 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, \$4,267,279 of the District's bank balance of \$4,767,279 was exposed to custodial credit risk because it was uninsured and collateralized.

**St. Bernard-Elmwood Place City School District**  
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The 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 District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

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

**Investments**

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

Investment Type	Fair Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
STAR Ohio	\$32,285,682	N/A	0.11
Total Fair Value	\$32,285,682		
Portfolio Weighted Average Maturity			0.11

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2020. STAR Ohio is reported at its share price (Net Asset value per share.)

Interest Rate Risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years.

Credit Risk – It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. Investments in STAR Ohio were rated AAAM by Standard & Poor's.

Concentration of Credit Risk – The District's investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested 100% in Star Ohio.

Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

**Note 4 – Property Taxes**

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Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior

**St. Bernard-Elmwood Place City School District**  
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January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on real property at 35 percent of true value.

Payments 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.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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. The District receives property taxes from Hamilton County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2021 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property and public utility taxes which became measurable at June 30, 2020. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue 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 available to finance current year operations. The receivable is, therefore, offset by a credit to deferred inflows for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2020, was \$740,000 for General Fund, \$65,000 for the Debt Service Fund and \$5,000 for the Classroom Maintenance Fund, and is recognized as revenue.

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.

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

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$87,963,650
Public Utility Personal	<u>12,135,620</u>
Total	<u><u>\$100,099,270</u></u>

**Note 5 – Receivables**

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Receivables at June 30, 2020, consisted of taxes, accounts, intergovernmental grants and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

**St. Bernard-Elmwood Place City School District**  
**Notes to Basic Financial Statements**  
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**Note 6 – Capital Assets**

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

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<b><i>Capital Assets, not being depreciated:</i></b>				
Land	\$306,322	\$0	\$0	\$306,322
Construction in Progress	3,228,383	6,109,266	0	9,337,649
Total Capital Assets, not being depreciated	3,534,705	6,109,266	0	9,643,971
<b><i>Capital Assets, being depreciated:</i></b>				
Buildings and Improvements	8,305,792	0	0	8,305,792
Equipment	2,266,074	0	0	2,266,074
<b><i>Total Capital Assets, being depreciated:</i></b>	<b>10,571,866</b>	<b>0</b>	<b>0</b>	<b>10,571,866</b>
Totals at Historical Cost	<u>14,106,571</u>	<u>6,109,266</u>	<u>0</u>	<u>20,215,837</u>
Less Accumulated Depreciation:				
Buildings and Improvements	7,907,178	147,502	0	8,054,680
Equipment	1,829,408	153,881	0	1,983,289
Total Accumulated Depreciation	<u>9,736,586</u>	<u>301,383</u>	<u>0</u>	<u>10,037,969</u>
Governmental Activities Capital Assets, Net	<u>\$4,369,985</u>	<u>\$5,807,883</u>	<u>\$0</u>	<u>\$10,177,868</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$78,244
Support Services:	
Instructional Staff	2,933
School Administration	725
Fiscal	3,983
Operations and Maintenance	140,842
Pupil Transportation	30,857
Central	6,585
Operation of Non-Instructional Services	37,214
Total Depreciation Expense	<u>\$301,383</u>

**St. Bernard-Elmwood Place City School District**  
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**Note 7 – Long-Term Liabilities**

Long- term liability activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Issued	Retired	Ending Balance	Due In One Year
<b>Governmental Activities:</b>					
<u>Bonds</u>					
2017 Classroom Facilities Bonds	\$8,345,000	\$0	\$100,000	\$8,245,000	\$100,000
Premium on 2017 Classroom Facilities Bonds	449,241	0	1,819	447,422	0
Subtotal Bonds	8,794,241	0	101,819	8,692,422	100,000
<u>Capital Lease</u>					
Lease Purchase, Series 2018	980,000	0	95,000	885,000	100,000
Compensated Absences	1,075,489	200,655	59,994	1,216,150	74,045
Subtotal Bonds & Other Amounts	10,849,730	200,655	256,813	10,793,572	274,045
<u>Net Pension Liability:</u>					
STRS	11,050,975	0	283,184	10,767,791	0
SERS	2,662,059	329,983	0	2,992,042	0
Subtotal Net Pension Liability	13,713,034	329,983	283,184	13,759,833	0
<u>Net OPEB Liability:</u>					
STRS	0	0	0	0 (a)	0
SERS	1,292,807	0	18,196	1,274,611	0
Subtotal Net OPEB Liability	1,292,807	0	18,196	1,274,611	0
Total Long-Term Obligations	<u>\$25,855,571</u>	<u>\$530,638</u>	<u>\$558,193</u>	<u>\$25,828,016</u>	<u>\$274,045</u>

(a) OPEB for STRS has a Net OPEB asset in the amount of \$806,445 as of June 30, 2020.

Bond payments and the capital lease will be paid from the debt service fund. Compensated absences will be paid from the fund from which the person is paid. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

*Classroom Facilities Bonds* - On May 3, 2017 the District issued \$8,650,000 in classroom facilities bonds for the purpose of constructing a new school building. The bonds were issued for a thirty-seven year period with a final maturity of December 1, 2053. The bonds will be retired from the Debt Service Fund.

Principal and interest requirements for governmental activities to retire bonds outstanding at June 30, 2020, are as follows:

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**St. Bernard-Elmwood Place City School District**  
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Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2021	100,000	340,000	440,000
2022	100,000	337,000	437,000
2023	105,000	332,900	437,900
2024	110,000	328,600	438,600
2025	115,000	324,100	439,100
2026-2030	670,000	1,545,000	2,215,000
2031-2035	870,000	1,390,250	2,260,250
2036-2040	1,130,000	1,156,750	2,286,750
2041-2045	1,455,000	868,700	2,323,700
2046-2050	1,820,000	542,000	2,362,000
2051-2054	1,770,000	145,200	1,915,200
Total	<u>\$8,245,000</u>	<u>\$7,310,500</u>	<u>\$15,555,500</u>

**Note 8 – Capital Leases – Lessee Disclosure**

In prior years, capital lease proceeds that were recorded in the Permanent Improvement Fund relate to the installation of an HVAC system in the District. The District is leasing the project from the Columbus Regional Airport Authority. Columbus Regional Airport Authority will retain title to the project during the lease term. Columbus Regional Airport Authority assigned National City Bank as trustee. The lease is renewable annually and expires in 2019. The intention of the District is to renew the lease annually.

*Lease purchase, series 2018* – On June 22, 2018 the District issued \$1,020,000 in lease purchase financing for the purpose of constructing a new swimming pool. The lease was issued for a ten year period with a final maturity of December 1, 2027. The lease will be retired from the Debt Service Fund.

The District made \$95,000 in principal payments for fiscal year 2020. The principal amount owed on the leases at year end is \$885,000.

The trustee entered into an Interest Rate Exchange Agreement with respect to the loan, locking in the rate at 4.73% plus an annual administrative fee. The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2020.

Fiscal Year Ending June 30	Long-Term Debt
2021	\$127,137
2022	123,887
2023	125,556
2024	127,063
2025	123,488
2026-2028	<u>377,874</u>
Total Minimum Lease Payments	\$1,005,005
Less: Amount Representing Interest (4.73%)	<u>(120,005)</u>
Present Value of Minimum Lease Payments	<u>\$885,000</u>

**St. Bernard-Elmwood Place City School District**  
**Notes to Basic Financial Statements**  
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**Note 9 - Defined Benefit Pension Plans**

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

**Net Pension Liability/Net OPEB Liability (Asset)**

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

The net pension/OPEB liability (asset) represent the employer'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 employer's obligation for this liability to annually required payments. The employer cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the employer does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

**Plan Description - School Employees Retirement System (SERS)**

**Plan Description**

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

**St. Bernard-Elmwood Place City School District**  
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Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 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 employer is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2020, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The contractually required contribution to SERS was \$238,588 for fiscal year 2020. Of this amount \$36,233 is reported as accrued wages and benefits.

**Plan Description - State Teachers Retirement System (STRS)**

**Plan Description**

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

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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. Effective Aug. 1, 2017 through July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective Aug. 1, 2019–July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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**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 of 14 percent was equal to the statutory maximum rates. For fiscal year 2020, the full employer contribution was allocated to pension.

The contractually required contribution to STRS was \$839,022 for fiscal year 2020. Of this amount \$137,848 is reported as accrued wages and benefits.

**Net 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 employer's proportion of the net pension liability was based on the employer'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>
Proportionate Share of the Net Pension Liability	\$2,992,042	\$10,767,791	\$13,759,833
Proportion of the Net Pension Liability:			
Current Measurement Date	0.05000760%	0.04869131%	
Prior Measurement Date	<u>0.04648110%</u>	<u>0.05025968%</u>	
Change in Proportionate Share	0.00352650%	-0.00156837%	
Pension Expense	\$483,538	\$1,235,209	\$1,718,747

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b><u>Deferred Outflows of Resources</u></b>			
Differences between expected and actual experience	\$75,872	\$87,667	\$163,539
Changes of assumptions	0	1,264,885	1,264,885
Changes in employer proportionate share of net pension liability	121,405	27,600	149,005
Contributions subsequent to the measurement date	<u>238,588</u>	<u>839,022</u>	<u>1,077,610</u>
Total Deferred Outflows of Resources	<u>\$435,865</u>	<u>\$2,219,174</u>	<u>\$2,655,039</u>
<b><u>Deferred Inflows of Resources</u></b>			
Differences between expected and actual experience	\$0	\$46,612	\$46,612
Net difference between projected and actual earnings on pension plan investments	38,407	526,271	564,678
Changes in employer proportionate share of net pension liability	<u>40,784</u>	<u>632,417</u>	<u>673,201</u>
Total Deferred Inflows of Resources	<u>\$79,191</u>	<u>\$1,205,300</u>	<u>\$1,284,491</u>

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\$1,077,610 reported as deferred outflows of resources related to pension resulting from 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:	SERS	STRS	Total
2021	\$127,356	\$442,880	\$570,236
2022	(28,495)	(28,100)	(56,595)
2023	(2,556)	(243,964)	(246,520)
2024	21,781	4,036	25,817
Total	<u>\$118,086</u>	<u>\$174,852</u>	<u>\$292,938</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 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:

Inflation	3.00%
Future Salary Increases, including inflation	3.50% - 18.20%
COLA or Ad Hoc COLA	2.50%
Investment Rate of Return	7.50% 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

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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.

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

**Discount Rate**

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

**Sensitivity of the 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 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$4,192,921	\$2,992,042	\$1,984,955

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**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%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0%

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:

<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.

\*\*10 Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' 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



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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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the 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%
Proportionate share of the net pension liability	\$15,735,926	\$10,767,791	\$6,562,009

**Note 10 - Defined Benefit OPEB Plans**

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See Note 9 for a description of the net OPEB liability (asset).

**Plan Description - School Employees Retirement System (SERS)**

**Health Care Plan Description**

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

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**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 employer's surcharge obligation was \$30,966.

The surcharge, added to any allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The contractually required contribution to SERS was \$30,966 for fiscal year 2020. Of this amount \$30,966 is reported as accrued wages and benefits.

**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 fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

**Net OPEB Liabilities (Assets), OPEB Expense (Income), 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 employer's proportion of the net OPEB liability (asset) was based on the employer'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:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$1,274,611	\$0	\$1,274,611
Proportionate Share of the Net OPEB (Asset)	0	(806,445)	(806,445)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.05068460%	0.04869131%	
Prior Measurement Date	<u>0.04659990%</u>	<u>0.05025968%</u>	
Change in Proportionate Share	0.00408470%	-0.00156837%	
OPEB Expense	\$32,341	(\$265,039)	(\$232,698)

At June 30, 2020, 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>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$18,710	\$73,110	\$91,820
Changes of assumptions	93,096	16,951	110,047
Net difference between projected and actual earnings on OPEB plan investments	3,060	0	3,060
Changes in employer proportionate share of net OPEB liability	114,429	7,188	121,617
Contributions subsequent to the measurement date	<u>30,966</u>	<u>0</u>	<u>30,966</u>
Total Deferred Outflows of Resources	<u>\$260,261</u>	<u>\$97,249</u>	<u>\$357,510</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$280,023	\$41,030	\$321,053
Changes of assumptions	71,425	884,173	955,598
Net difference between projected and actual earnings on OPEB plan investments	0	50,650	50,650
Changes in employer proportionate share of net OPEB liability	<u>19,383</u>	<u>96,053</u>	<u>115,436</u>
Total Deferred Inflows of Resources	<u>\$370,831</u>	<u>\$1,071,906</u>	<u>\$1,442,737</u>

\$30,966 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending 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:

Fiscal Year			
Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2021	(\$71,192)	(\$210,643)	(\$281,835)
2022	(16,266)	(210,643)	(226,909)
2023	(15,368)	(190,343)	(205,711)
2024	(15,514)	(183,221)	(198,735)
2025	(15,847)	(180,619)	(196,466)
Thereafter	<u>(7,349)</u>	<u>812</u>	<u>(6,537)</u>
Total	<u>(\$141,536)</u>	<u>(\$974,657)</u>	<u>(\$1,116,193)</u>

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**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:

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

Mortality rates among active members 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-

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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 Equity	22.50%	4.75%
International Equity	22.50%	7.00%
Fixed Income	19.00%	1.50%
Private Equity	10.00%	8.00%
Real Assets	15.00%	5.00%
Multi-Asset Strategies	10.00%	3.00%
Total	100.00%	

**Discount Rate**

The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019, was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. 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 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.

**St. Bernard-Elmwood Place City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
Proportionate share of the net OPEB liability	\$1,547,136	\$1,274,611	\$1,057,922
	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%)
Proportionate share of the net OPEB liability	\$1,021,222	\$1,274,611	\$1,610,797

**Assumption and Benefit Changes since the Prior Measurement Date**

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

- (1) Discount Rate:
  - Prior Measurement Date 3.70%
  - Measurement Date 3.22%
- (2) Municipal Bond Index Rate:
  - Prior Measurement Date 3.62%
  - Measurement Date 3.13%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
  - Prior Measurement Date 3.70%
  - Measurement Date 3.22%

**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:

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Payroll Increases	3.00%
Discount Rate of Return	7.45%
Health Care Cost Trends:	
Medical	
Pre-Medicare	5.87% initial, 4% ultimate
Medicare	4.93% initial, 4% ultimate
Prescription Drug	
Pre-Medicare	7.73% initial, 4% ultimate
Medicare	9.62% initial, 4% 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

**St. Bernard-Elmwood Place City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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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.

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

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

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

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

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019 and June 30, 2018. The projection of cash flows used to determine the discount rate assumed STRS 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 and June 30, 2018.

**Sensitivity of the 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.

**St. Bernard-Elmwood Place City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Proportionate share of the net OPEB (asset)	(\$688,140)	(\$806,445)	(\$905,912)
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$914,471)	(\$806,445)	(\$674,138)

**Assumption and Benefit Changes 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.

There were changes in assumptions, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

**Note 11 – Contingent Liabilities**

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**Foundation Funding**

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2020 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2020 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

**Grants**

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of June 30, 2020.

**Litigation**

The District's attorney estimates that all other potential claims against the District not covered by insurance resulting from all other litigation would not materially affect the financial statements of the District.



**Note 12 - Jointly Governed Organizations**

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**The Hamilton Clermont Cooperative Information Technology Center (HCC)** is a jointly governed organization. The organization was formed for the purpose of applying modern technology, with the aid of computers and other electronic equipment, to administrative and instructional functions among member districts. Each of the governments of these schools supports HCC and shares in a percentage of the equity based on the resources provided. HCC is governed by a board of directors consisting of the superintendents or designees of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board. Financial information can be obtained by writing to HCC Information Technology Center, the Executive Director, 7615 Harrison Avenue, Cincinnati, Ohio 45231-3107.

**Great Oaks Career Campuses (Great Oaks)**, a jointly governed organization, is a distinct political subdivision of the State of Ohio which operates under the direction of a board consisting of a representative from each participating school district's elected board. That board possesses its own budgeting and taxing authority. Great Oaks provides academic preparation and job training which lead to employment and/or further education upon graduation from high school. The District has no ongoing financial interest in or responsibility for the Vocational School. To obtain financial information write to the Great Oaks Career Campuses, 3254 East Kemper Road, Cincinnati, Ohio 45241-1581.

**Note 13 – OASBO Group Rating Program**

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The District participates in the Ohio Association of School Business Officials Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio Association of School Business Officials (OASBO). The Executive Director of the OASBO, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP.

**Note 14 – Risk Management**

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The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District carries insurance coverage with the following companies:

**St. Bernard-Elmwood Place City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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<u>Coverage</u>	<u>Company</u>
Automobile	Argonaut Insurance Company
Property	Argonaut Insurance Company
General Liability	Argonaut Insurance Company

Limits and deductible amounts for the above policies vary accordingly.

<u>Coverage</u>	<u>Limits</u>	<u>Deductibles</u>
Automobile	\$2,000,000 each occurrence	\$500 collision
Property	Covered for value of loss	\$1,000 each loss
General Liability	\$2,000,000 each occurrence	\$4,000,000 general aggregate

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

There were no significant reductions in insurance coverage from the prior year. Also, there were no settlements that exceeded insurance coverage for the past three years.

The District participates in the Greater Cincinnati Insurance Consortium, an insurance purchasing pool. The District can obtain better coverage and/or lower premiums by purchasing health, dental, and life insurance benefits through the pool. Greater Cincinnati Insurance Consortium (GCIC) Self-Insurance Program is comprised of other area school districts. Each member pays an administrative fee to the pool. Each school district has a representative on the assembly (usually the superintendent or designee).

**Note 15 – Accountability**

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The following individual funds had a deficit in fund balance at year end:

<u>Funds</u>	<u>Deficit</u>
Other Governmental Funds	
Poverty Aid	\$ 15,449
Title I	107,135
Title III	9,679

The deficit in fund balance was primarily due to accruals in GAAP. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

**Note 16 – Set-Asides**

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The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by 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.

**St. Bernard-Elmwood Place City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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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.

	<u>Capital Acquisition</u>
Set Aside Reserve Balance as of June 30, 2019	\$0
Current Year Set Aside Requirements	168,774
Qualified Disbursements	(728,034)
Current Year Offsets	<u>0</u> *
Set Aside Reserve Balance as of June 30, 2020	<u><u>(\$559,260)</u></u>

\* - is a carryforward from prior years that can be used as the eligible amount to be used as a current year offsets. \$41,083 was used as the eligible offset for fiscal year 2005, \$6,984 for fiscal year 2006, \$37,071 for fiscal year 2007, \$8,494 for fiscal year 2008, \$0 for fiscal year 2009, \$0 for fiscal year 2010, \$0 for fiscal year 2011, \$22,597 for fiscal year 2012, \$7,498 for fiscal year 2013, \$10,419 for fiscal year 2014, \$25,455 for fiscal year 2015, \$0 for 2016, \$0 for 2017, \$0 for 2018, \$0 for 2019, and \$0 for 2020. \$1,648,399 will be the offset carryforward for FY21.

Qualifying disbursements for capital maintenance reserve during the year were \$728,034.

**Note 17 – Interfund Transactions**

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Interfund transactions at June 30, 2020, consisted of the following interfund receivables, interfund payables, transfers in and transfers out:

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General Fund	\$297,431	\$0	\$0	\$669,500
Building	0	0	500,000	0
Other Governmental Funds	<u>0</u>	<u>297,431</u>	<u>169,500</u>	<u>0</u>
Total All Funds	<u><u>\$297,431</u></u>	<u><u>\$297,431</u></u>	<u><u>\$669,500</u></u>	<u><u>\$669,500</u></u>

Interfund balances/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

**Note 18 – Fund Balances**

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

**St. Bernard-Elmwood Place City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

Fund Balances	General	Building	Classroom Facilities	Other Governmental Funds	Total
<b>Nonspendable:</b>					
Prepays	\$11,260	\$0	\$0	\$1,154	\$12,414
<b>Total Nonspendable</b>	<b>11,260</b>	<b>0</b>	<b>0</b>	<b>1,154</b>	<b>12,414</b>
<b>Restricted for:</b>					
Other Grants	0	0	0	135,630	135,630
Special Education	0	0	0	19,564	19,564
Improving Teacher Quality	0	0	0	9,678	9,678
Classroom Facilities	0	0	9,027,365	0	9,027,365
Student Activities	0	0	0	16,053	16,053
Data Communication	0	0	0	4,783	4,783
Debt Service	0	0	0	300,372	300,372
Student Wellness and Success	0	0	0	220,638	220,638
Auxiliary Services	0	0	0	137,984	137,984
Food Service	0	0	0	203,046	203,046
Building	0	6,168,208	0	0	6,168,208
Classroom Maintenance	0	0	0	257,110	257,110
<b>Total Restricted</b>	<b>0</b>	<b>6,168,208</b>	<b>9,027,365</b>	<b>1,304,858</b>	<b>16,500,431</b>
<b>Assigned to:</b>					
Encumbrances	48,669	0	0	0	48,669
Budgetary Resources	608,097	0	0	0	608,097
Permanent Improvement	0	0	0	1,452,182	1,452,182
Public Schools	32,929	0	0	0	32,929
<b>Total Assigned</b>	<b>689,695</b>	<b>0</b>	<b>0</b>	<b>1,452,182</b>	<b>2,141,877</b>
<b>Unassigned (Deficit)</b>	<b>17,436,625</b>	<b>0</b>	<b>0</b>	<b>(132,263)</b>	<b>17,304,362</b>
<b>Total Fund Balance</b>	<b>\$18,137,580</b>	<b>\$6,168,208</b>	<b>\$9,027,365</b>	<b>\$2,625,931</b>	<b>\$35,959,084</b>

**Note 19 – Tax Abatements Entered Into by Other Governments**

Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area (“CRA”) program with the taxing districts of the District. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the District, the Village of St. Bernard has entered into such an agreement. Under this agreement the District’s property taxes were reduced by approximately \$51,341. The District is not receiving any amounts from this other government in association with the forgone property tax revenue.

**Note 20 – Implementation of New Accounting Principles**

For fiscal year 2020, the District has postponed implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, GASB No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, and GASB No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61. The District did not implement these statements due to the GASB postponing the implementation by 12 months because of the COVID-19 pandemic.

**St. Bernard-Elmwood Place City School District**  
**Notes to Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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**Note 21 – COVID-19**

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The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures could impact subsequent periods of the District. The District's investment portfolio could incur a significant decline in fair value. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, the impact of the investments of the pension and other employee benefit plan in which the District participates and any recovery from emergency funding, either federal or state, cannot be estimated.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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St. Bernard-Elmwood Place City School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 School Employees Retirement System of Ohio  
 Last Seven Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total Pension Liability
2020	0.05000760%	\$2,992,042	\$1,716,556	174.31%	70.85%
2019	0.04648110%	2,662,059	1,569,919	169.57%	71.36%
2018	0.04590540%	2,742,746	1,461,207	187.70%	69.50%
2017	0.04919800%	3,600,840	1,823,021	197.52%	62.98%
2016	0.05028790%	2,869,476	1,837,405	156.17%	69.16%
2015	0.05283900%	2,674,152	1,550,916	172.42%	71.70%
2014	0.05283900%	3,143,109	1,616,575	194.43%	65.52%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

St. Bernard-Elmwood Place City School District  
 Required Supplementary Information  
 Schedule of District's Contributions for Net Pension Liability  
 School Employees Retirement System of Ohio  
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2020	\$238,588	(\$238,588)	\$0	\$1,704,200	14.00%
2019	231,735	(231,735)	0	1,716,556	13.50%
2018	211,939	(211,939)	0	1,569,919	13.50%
2017	204,569	(204,569)	0	1,461,207	14.00%
2016	255,223	(255,223)	0	1,823,021	14.00%
2015	242,170	(242,170)	0	1,837,405	13.18%
2014	214,957	(214,957)	0	1,550,916	13.86%
2013	223,734	(223,734)	0	1,616,575	13.84%
2012	209,891	(209,891)	0	1,560,528	13.45%
2011	330,369	(330,369)	0	2,628,234	12.57%

See accompanying notes to the required supplementary information.



St. Bernard-Elmwood Place City School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 State Teachers Retirement System of Ohio  
 Last Seven Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total Pension Liability
2020	0.04869131%	\$10,767,791	\$5,982,286	179.99%	77.40%
2019	0.05025968%	11,050,975	5,967,700	185.18%	77.30%
2018	0.05318994%	12,635,384	5,888,764	214.57%	75.30%
2017	0.05295474%	17,725,547	5,633,793	314.63%	66.80%
2016	0.05411712%	14,956,389	5,846,693	255.81%	72.10%
2015	0.05566668%	13,540,063	6,125,108	221.06%	74.70%
2014	0.05566668%	16,085,400	6,381,654	252.06%	69.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

St. Bernard-Elmwood Place City School District  
 Required Supplementary Information  
 Schedule of District's Contributions for Net Pension Liability  
 State Teachers Retirement System of Ohio  
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2020	\$839,022	(\$839,022)	\$0	\$5,993,014	14.00%
2019	837,520	(837,520)	0	5,982,286	14.00%
2018	835,478	(835,478)	0	5,967,700	14.00%
2017	824,427	(824,427)	0	5,888,764	14.00%
2016	788,731	(788,731)	0	5,633,793	14.00%
2015	818,537	(818,537)	0	5,846,693	14.00%
2014	796,264	(796,264)	0	6,125,108	13.00%
2013	829,615	(829,615)	0	6,381,654	13.00%
2012	850,120	(850,120)	0	6,539,385	13.00%
2011	1,313,086	(1,313,086)	0	10,100,662	13.00%

See accompanying notes to the required supplementary information.

St. Bernard-Elmwood Place City School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net OPEB Liability  
 School Employees Retirement System of Ohio  
 Last Four Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total OPEB Liability
2020	0.05068460%	\$1,274,611	\$1,716,556	74.25%	15.57%
2019	0.04659990%	1,292,807	1,569,919	82.35%	13.57%
2018	0.04603700%	1,235,512	1,461,207	84.55%	12.46%
2017	0.04940130%	1,408,120	1,823,021	77.24%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

St. Bernard-Elmwood Place City School District  
 Required Supplementary Information  
 Schedule of District's Contributions for Net OPEB Liability  
 School Employees Retirement System of Ohio  
 Last Five Fiscal Years (1) (2)

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2020	\$30,966	(\$30,966)	\$0	\$1,704,200	1.82%
2019	36,879	(36,879)	0	1,716,556	2.15%
2018	30,560	(30,560)	0	1,569,919	1.95%
2017	22,564	(22,564)	0	1,461,207	1.54%
2016	23,043	(23,043)	0	1,823,021	1.26%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information

St. Bernard-Elmwood Place City School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability  
 State Teachers Retirement System of Ohio  
 Last Four Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total OPEB (Asset)/Liability
2020	0.04869131%	(\$806,445)	\$5,982,286	(13.48%)	174.74%
2019	0.05025968%	(807,622)	5,967,700	(13.53%)	176.00%
2018	0.05318994%	2,075,275	5,888,764	35.24%	47.10%
2017	0.05295474%	2,832,033	5,633,793	50.27%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

St. Bernard-Elmwood Place City School District  
 Required Supplementary Information  
 Schedule of District's Contributions for Net OPEB (Asset)/Liability  
 State Teachers Retirement System of Ohio  
 Last Five Fiscal Years (1)

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2020	\$0	\$0	\$0	\$5,993,014	0.00%
2019	0	0	0	5,982,286	0.00%
2018	0	0	0	5,967,700	0.00%
2017	0	0	0	5,888,764	0.00%
2016	0	0	0	5,633,793	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information

St. Bernard-Elmwood Place City School District  
 Schedule of Revenues, Expenditures and Changes in Fund Balance  
 Budget and Actual (Non-GAAP Budgetary Basis) General Fund  
 For the Fiscal Year Ended June 30, 2020

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$5,472,432	\$5,573,967	\$5,576,905	\$2,938
Tuition and Fees	1,528,116	1,556,469	1,557,289	820
Investment Earnings	215,863	219,868	219,984	116
Intergovernmental	7,169,308	7,302,326	7,306,175	3,849
Extracurricular Activities	26,597	27,091	27,105	14
Other Revenues	41,143	41,906	41,928	22
<b>Total Revenues</b>	<b>14,453,459</b>	<b>14,721,627</b>	<b>14,729,386</b>	<b>7,759</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	5,442,035	5,883,878	5,668,132	215,746
Special	2,144,785	2,318,922	2,233,893	85,029
Other	2,919	3,156	3,040	116
<b>Support Services:</b>				
Pupil	668,241	722,496	696,004	26,492
Instructional Staff	183,071	197,935	190,677	7,258
General Administration	18,849	20,379	19,632	747
School Administration	1,088,315	1,176,677	1,133,531	43,146
Fiscal	429,412	464,277	447,253	17,024
Business	4,113	4,447	4,284	163
Operations and Maintenance	1,072,881	1,159,989	1,117,455	42,534
Pupil Transportation	276,179	298,602	287,653	10,949
Central	237,831	257,141	247,712	9,429
Extracurricular Activities	210,756	227,867	219,512	8,355
Capital Outlay	162,206	175,376	168,945	6,431
<b>Total Expenditures</b>	<b>11,941,593</b>	<b>12,911,142</b>	<b>12,437,723</b>	<b>473,419</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>2,511,866</b>	<b>1,810,485</b>	<b>2,291,663</b>	<b>481,178</b>
<b>Other Financing Sources (Uses):</b>				
Advances In	25,889	26,369	26,383	14
Advances (Out)	(270,733)	(292,714)	(281,981)	10,733
Transfers (Out)	(644,714)	(697,059)	(671,500)	25,559
<b>Total Other Financing Sources (Uses)</b>	<b>(889,558)</b>	<b>(963,404)</b>	<b>(927,098)</b>	<b>36,306</b>
<b>Net Change in Fund Balance</b>	<b>1,622,308</b>	<b>847,081</b>	<b>1,364,565</b>	<b>517,484</b>
<b>Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>16,523,184</b>	<b>16,523,184</b>	<b>16,523,184</b>	<b>0</b>
<b>Fund Balance - End of Year</b>	<b>\$18,145,492</b>	<b>\$17,370,265</b>	<b>\$17,887,749</b>	<b>\$517,484</b>

See accompanying notes to the required supplementary information.

**St. Bernard-Elmwood Place City School District**  
**Notes to the Required Supplementary Information**  
**For The Year Ended June 30, 2020**

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**Note 1 – Budgetary Process**

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All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations 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 amount 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 the level of control selected by the Board. The legal level of control has been established by the Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2020.

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

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) 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 as follows:

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 for all funds (budget basis) rather than as an assignment of fund balance (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.



**St. Bernard-Elmwood Place City School District**  
**Notes to the Required Supplementary Information**  
**For The Year Ended June 30, 2020**

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

**Net Change in Fund Balance**

	<u>General</u>
GAAP Basis	\$530,932
Revenue Accruals	993,227
Expenditure Accruals	136,421
Proceeds of Capital Assets	12,105
Transfer (Out)	(2,000)
Advances In	26,383
Advances (Out)	(281,981)
Encumbrances	<u>(50,522)</u>
Budget Basis	<u><u>\$1,364,565</u></u>

**Note 2 - Net Pension Liability**

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**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

2020: There were no changes in benefit terms from the amounts reported for this fiscal year.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the change in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Changes in Assumptions:**

2018-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

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

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) 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,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability

**St. Bernard-Elmwood Place City School District**  
**Notes to the Required Supplementary Information**  
**For The Year Ended June 30, 2020**

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retirement, and

- (8) The discount rate was reduced from 7.75% to 7.50%.

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

**State Teachers Retirement System (STRS)**

**Changes in Benefit Terms:**

2019-2020: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Changes in Assumptions:**

2019-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

**Note 3 - Net OPEB (Asset)/Liability**

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**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

2017-2020: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Changes in Assumptions:**

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

- (1) Discount Rate:

Prior Measurement Date	3.70%
Measurement Date	3.22%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.62%
Measurement Date	3.13%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

**St. Bernard-Elmwood Place City School District**  
**Notes to the Required Supplementary Information**  
**For The Year Ended June 30, 2020**

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Prior Measurement Date	3.70%
Measurement Date	3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(4) Discount Rate:

Prior Measurement Date	3.63%
Measurement Date	3.70%

(5) Municipal Bond Index Rate:

Prior Measurement Date	3.56%
Measurement Date	3.62%

(6) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.63%
Measurement Date	3.70%

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

(1) Discount Rate:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

(2) Municipal Bond Index Rate:

Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%

(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

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

**State Teachers Retirement System (STRS)**

**Changes in Benefit Terms:**

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

**St. Bernard-Elmwood Place City School District**  
**Notes to the Required Supplementary Information**  
**For The Year Ended June 30, 2020**

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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.

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

**Changes in Assumptions:**

2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

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

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

**ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT  
HAMILTON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<b>Federal Grantor/ Pass Through Grantor / Program Title</b>	<b>Grant Year</b>	<b>Federal CFDA Number</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through The Ohio Department of Education:</i>			
Child Nutrition Cluster:			
School Breakfast Program	2020	10.553	\$ 48,061
COVID-19 School Breakfast Program	2020	10.553	9,308
National School Lunch Program	2020	10.555	222,898
COVID-19 National School Lunch Program	2020	10.555	<u>32,666</u>
Cash Assistance			<u>312,933</u>
Non-Cash Assistance (Food Distribution)	2020	10.555	<u>27,951</u>
Total Child Nutrition Cluster			<u>340,884</u>
<b>Total U.S. Department of Agriculture</b>			<u>340,884</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through The Ohio Department of Education:</i>			
Title I Grants to Local Educational Agencies	2019	84.010	61,101
Title I Grants to Local Educational Agencies	2020	84.010	<u>595,748</u>
Total Title I Grants to Local Educational Agencies			<u>656,849</u>
Special Education Cluster (IDEA):			
Special Education Grants to States	2019	84.027	38,127
Special Education Grants to States	2020	84.027	<u>389,327</u>
Total Special Education Grants to States			<u>427,454</u>
Special Education Preschool Grant	2019	84.173	1,824
Special Education Preschool Grant	2020	84.173	<u>5,404</u>
Total Special Education Preschool Grant			<u>7,228</u>
Total Special Education Cluster (IDEA):			<u>434,682</u>
English Language Acquisition State Grants	2019	84.365	646
English Language Acquisition State Grants	2020	84.365	<u>12,743</u>
Total English Language Acquisition State Grants			<u>13,389</u>
Title II-A Improving Teacher Quality State Grants	2019	84.367	2,272
Title II-A Improving Teacher Quality State Grants	2020	84.367	<u>46,547</u>
Total Title II-A Improving Teacher Quality State Grants			<u>48,819</u>
Student Support and Academic Enrichment	2019	84.424	7,151
Student Support and Academic Enrichment	2020	84.424	<u>23,175</u>
Total Student Support and Academic Enrichment			<u>30,326</u>
<b>Total – U.S. Department of Education</b>			<u>1,184,065</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,524,949</u>

See the accompanying notes to the Schedule of Expenditures of Federal Awards.

**ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT  
HAMILTON COUNTY, OHIO**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL 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 St. Bernard-Elmwood Place City School District, Hamilton County, Ohio (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, or changes in net position of the District.

**Note B – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note C – Child Nutrition Cluster**

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

**Note D – Food Donation**

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.



313 Second St.  
Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

150 West Main St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market Street, Suite 300  
Wheeling, WV 26003  
304.232.1358

749 Wheeling Ave., Suite 300  
Cambridge, OH 43725  
740.435.3417

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

February 1, 2021

St. Bernard-Elmwood Place City School District  
Hamilton County  
105 Washington Avenue  
St. Bernard, Ohio 45217

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the **St. Bernard-Elmwood Place City School District**, Hamilton 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 February 1, 2021, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will 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 opinion 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.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
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**Compliance and Other Matters**

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial 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**

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



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



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

February 1, 2021

St. Bernard-Elmwood Place City School District  
Hamilton County  
105 Washington Avenue  
St. Bernard, Ohio 45217

To the Board of Education:

***Report on Compliance for the Major Federal Program***

We have audited **St. Bernard-Elmwood Place 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 St. Bernard-Elmwood Place City School District's major federal program for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies the District's major federal program.

***Management's Responsibility***

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

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

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

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
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***Opinion on the Major Federal Program***

In our opinion, St. Bernard-Elmwood Place City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2020.

***Report on Internal Control Over Compliance***

The 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 compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT  
HAMILTON COUNTY, OHIO**

SCHEDULE OF AUDIT FINDINGS  
2 CFR § 200.515  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other 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 internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other 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 § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I Grants to Local Educational Agencies, CFDA #84.010
<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?	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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None

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None

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# OHIO AUDITOR OF STATE KEITH FABER



**ST. BERNARD-ELMWOOD PLACE CITY SCHOOL DISTRICT  
HAMILTON COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 4/6/2021**

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)