



OHIO AUDITOR OF STATE
KEITH FABER



**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY
JUNE 30, 2020**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities.....	16
Fund Financial Statements:	
Balance Sheet	
Governmental Funds	17
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds.....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	20
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual General Fund.....	21
Statement of Net Position	
Internal Service Fund	22
Statement of Revenues, Expenses and Changes in Fund Net Position Internal Service Fund	23
Statement of Cash Flows	
Internal Service Fund	24
Statement of Fiduciary Net Position	
Private Purpose Trust Fund	25
Statement of Changes in Fiduciary Net Position Private Purpose Trust Fund	26
Notes to the Basic Financial Statements	27

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY
JUNE 30, 2020**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability (School Employees Retirement System (SERS) of Ohio)	66
Schedule of the School District's Proportionate Share of the Net OPEB Liability (School Employees Retirement System (SERS) of Ohio)	68
Schedule of the School District's Proportionate Share of the Net Pension Liability (State Teachers Retirement System (STRS) of Ohio)	70
Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability (State Teachers Retirement System (STRS) of Ohio).....	72
Schedule of the School District's Contributions (School Employees Retirement System (SERS) of Ohio))	74
Schedule of the School District's Contributions (State Teachers Retirement System (STRS) of Ohio)).....	76
Notes to Required Supplementary Information	78
Schedule of Expenditures of Federal Awards	81
Notes to the Schedule of Expenditures of Federal Awards	82
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	83
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	85
Schedule of Findings.....	87

OHIO AUDITOR OF STATE KEITH FABER



Conference Center, Suite 154
6000 Frank Ave. NW
North Canton, OH 44720
EastRegion@ohioauditor.gov
(800) 443-9272

INDEPENDENT AUDITOR'S REPORT

Toronto City School District
Jefferson County
1307 Dennis Way
Toronto, Ohio 43964

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Toronto City School District, Jefferson 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.

Efficient • Effective • Transparent

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 21 to the financial statements, during 2020, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. In addition, as discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the 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 derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 17, 2021

This page intentionally left blank.

Toronto City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

As management of the Toronto City School District (the School District), we offer readers of the School District's financial statements this narrative overview and analysis of the financial activities of the School District for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

- Net position decreased in fiscal year 2020 due mainly to changes in the net pension and net OPEB liabilities (asset) and the deferred outflows and deferred inflows of resources associated with these liabilities. These factors coupled with a decrease in cash and current liabilities from the conclusion of construction on the new school offset by an increase in capital assets associated with the ongoing school construction.
- Total program expenses increased in fiscal year 2020 due to changes in the net pension liability and net OPEB liability (asset) that are the result of the School District's adjusting proportionate share of the total State-wide liabilities (asset) for both pension and OPEB across retirement systems.
- The School District's major capital asset additions include the new school building as well as a playground, equipment for the completed school and a gym scoreboard.
- The School District actively pursues grants and controls expenses while still maintaining the high academic standards the residents expect of the School District.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the School District's basic financial statements. The School District basic financial statements are comprised of three components: (1) government-wide statements, (2) fund financial statements, and (3) notes to the basic financial statements.

Government-wide Financial Statements The government-wide financial statements are designed to provide the reader with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School District's non fiduciary assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Toronto City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The government-wide financial statement distinguishes functions of the School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from those that are primarily supported through user charges (*business-type activities*). The School District has no business-type activities. The governmental activities of the School District include instruction, support services, extracurricular activities, operation of non-instructional services and interest and fiscal charges.

Fund Financial Statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like the State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. These fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, the bond retirement debt service fund and the classroom facilities capital projects fund. All of the funds of the School District can be divided into three categories: governmental, proprietary and fiduciary.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual*, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the School District's general governmental 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 difference) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Fund The School District maintains an internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions.

Fiduciary Fund A fiduciary fund is used to account for resources held for the benefit of parties outside the government. The fiduciary fund is not reflected in the government-wide financial statement because the resources of this fund are not available to support the School District's own programs. These funds use the accrual basis of accounting.

Notes to the Basic Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1 provides a comparison of the School District's Net Position for 2020 compared to 2019, which was restated as discussed in Note 21.

Toronto 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	Change
Assets			
Current and Other Assets	\$15,684,949	\$19,829,244	(\$4,144,295)
Net OPEB Asset	469,358	466,243	3,115
Capital Assets, Net	25,823,928	22,547,541	3,276,387
<i>Total Assets</i>	<u>41,978,235</u>	<u>42,843,028</u>	<u>(864,793)</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	215,335	223,644	(8,309)
Pension	1,557,531	2,227,938	(670,407)
OPEB	164,148	118,682	45,466
<i>Total Deferred Outflows of Resources</i>	<u>1,937,014</u>	<u>2,570,264</u>	<u>(633,250)</u>
Liabilities			
Current Liabilities	1,194,435	1,917,732	723,297
Long-Term Liabilities			
Due within One Year	167,471	151,332	(16,139)
Due in More than One Year			
Net Pension Liability	8,212,828	8,337,538	124,710
Net OPEB Liability	837,172	961,945	124,773
Other Amounts	8,274,812	8,346,241	71,429
<i>Total Liabilities</i>	<u>18,686,718</u>	<u>19,714,788</u>	<u>1,028,070</u>
Deferred Inflows of Resources			
Property Taxes	2,530,202	2,583,575	53,373
Pension	537,669	576,728	39,059
OPEB	853,274	821,311	(31,963)
<i>Total Deferred Inflows of Resources</i>	<u>3,921,145</u>	<u>3,981,614</u>	<u>60,469</u>
Net Position			
Net Investment in Capital Assets	18,206,367	13,969,015	4,237,352
Restricted for:			
Capital Projects	299,913	6,089,640	(5,789,727)
Debt Service	1,631,303	1,370,411	260,892
Other Purposes	662,937	606,644	56,293
Unrestricted (Deficit)	506,866	(318,820)	825,686
<i>Total Net Position</i>	<u>\$21,307,386</u>	<u>\$21,716,890</u>	<u>(\$409,504)</u>

Toronto City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2020. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. For the School District, total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$21,307,386 in fiscal year 2020 and \$21,716,890 in fiscal year 2019.

A large portion of the School District’s net position reflects “Net Investment in Capital Assets” (i.e. land, construction in progress, buildings, improvements, furniture, fixtures, equipment and vehicles) less any related debt to acquire those assets that are still outstanding. The School District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School District’s investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Total assets decreased due to cash being expensed for the completion of the school building and associated equipment and furnishings needed in the current fiscal year. This decrease was offset by an increase in capital assets specific to these same items. Total liabilities decreased as a result of the continued pay-down on outstanding bond principal along with a decrease in contracts payables from the conclusion of construction. Net position decreased for these reasons along with the changes in the net pension liability and net OPEB asset/liability and the deferred outflows and deferred inflows of resources associated with these liabilities, which caused program expenses to increase significantly.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2020 and 2019, which was restated as discussed in Note 21.

Toronto City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

(Table 2)
Change in Net Position
Governmental Activities

	2020	2019	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services and Sales	\$1,148,226	\$1,166,319	(\$18,093)
Operating Grants and Contributions	2,228,509	1,497,359	731,150
Capital Grants and Contributions	0	30,000	(30,000)
<i>Total Program Revenues</i>	<u>3,376,735</u>	<u>2,693,678</u>	<u>683,057</u>
<i>General Revenues</i>			
Property Taxes	2,753,673	2,851,746	(98,073)
Grants and Entitlements not Restricted	6,448,999	6,684,302	(235,303)
Unrestricted Contributions	6,700	5,509	1,191
Investment Earnings	152,664	57,239	95,425
Miscellaneous	13,035	98,985	(85,950)
<i>Total General Revenues</i>	<u>9,375,071</u>	<u>9,697,781</u>	<u>(322,710)</u>
<i>Total Revenues</i>	<u>12,751,806</u>	<u>12,391,459</u>	<u>360,347</u>
Program Expenses			
Current:			
Instruction:			
Regular	5,911,336	4,066,544	(1,844,792)
Special	2,048,780	1,282,282	(766,498)
Vocational	51,543	42,305	(9,238)
Support Services:			
Pupils	456,863	293,660	(163,203)
Instructional Staff	119,682	84,166	(35,516)
Board of Education	11,666	13,995	2,329
Administration	1,159,139	935,890	(223,249)
Fiscal	360,930	361,118	188
Business	81,712	79,895	(1,817)
Operation and Maintenance of Plant	1,299,199	965,806	(333,393)
Pupil Transportation	186,131	197,619	11,488
Central	85,811	57,617	(28,194)
Extracurricular Activities	562,986	469,664	(93,322)
Operation of Non-Instructional Services:			
Food Service Operations	425,977	408,670	(17,307)
Other Non-Instructional Services	32,734	20,370	(12,364)
Interest and Fiscal Charges	366,821	372,482	5,661
<i>Total Program Expenses</i>	<u>13,161,310</u>	<u>9,652,083</u>	<u>(3,509,227)</u>
<i>Change in Net Position</i>	(409,504)	2,739,376	(3,148,880)
<i>Net Position Beginning of Year - Restated</i>	<u>21,716,890</u>	<u>18,977,514</u>	<u>2,739,376</u>
<i>Net Position End of Year</i>	<u>\$21,307,386</u>	<u>\$21,716,890</u>	<u>(\$409,504)</u>

Toronto City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

Governmental Activities

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. It increases as a result of new construction or collection from a new voted levy. Although school districts experience inflationary growth in expenses, tax revenue does not keep pace with the increased expenses due to House Bill 920. 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 and the School District would collect the same dollar value the levy generated in the year it passed. The 10 percent rollback on all residential/agricultural property and the 2.5 percent rollback on all owner occupied homes would reduce the amount of taxes paid.

Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service.

Revenue is divided into two major components: program revenues and general revenues. Program revenues are defined as fees, restricted grants and charges for services that are program specific. General revenues include taxes and unrestricted grants such as State Foundation support.

Program revenues increased for governmental activities in fiscal year 2020. Operating grants increased due to the School District seeking out restricted grant monies as additional sources of operating revenues along with a new grant specific to student health and wellness. General revenues decreased in fiscal year 2020 resulting from decreased assessed valuation for taxable property within the School District's territory coupled with a decrease in grants not restricted to operations. The decrease in grants and entitlements for fiscal year 2020 was due to a reduction in State Foundation funding due to the COVID-19 pandemic.

Instruction composes the most significant portion of governmental program expenses. The largest component of the increase in program expenses results from increases in pension and OPEB expenses, the most significant increase being related to STRS OPEB expenses. The School District's OPEB expense related to STRS increased from a negative expense of \$1,010,518 in fiscal year 2019 to a negative expense of \$144,195 for fiscal year 2020.

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

Toronto City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

(Table 3)
Total and Net Cost of Program Services
Governmental Activities

	2020		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$8,011,659	\$5,628,080	\$5,391,131	\$3,541,327
Support Services:				
Pupils and Instructional Staff	576,545	359,066	377,826	361,156
Board of Education, Administration				
Fiscal and Business	1,613,447	1,471,615	1,390,898	1,200,107
Operation and Maintenance of Plant	1,299,199	1,275,393	965,806	939,858
Pupil Transportation	186,131	178,103	197,619	179,120
Central	85,811	55,489	57,617	52,362
Extracurricular Activities	562,986	316,356	469,664	207,680
Operation of Non-Instructional Services:				
Food Service Operations	425,977	103,227	408,670	84,423
Other Non-Instructional Services	32,734	30,425	20,370	19,890
Interest and Fiscal Charges	366,821	366,821	372,482	372,482
<i>Total Expenses</i>	<u>\$13,161,310</u>	<u>\$9,784,575</u>	<u>\$9,652,083</u>	<u>\$6,958,405</u>

The dependence upon general revenues for governmental activities is apparent as they account for a majority of the total cost of services in fiscal year 2020. The community, as a whole, is by far the primary support for the Toronto City School District.

Financial Analysis of the Government's Funds

Governmental Fund Information about the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. The general fund had an increase in fund balance primarily due to revenues continuing to outpace expenditures by over \$1.0 million as both the property tax base and seeking out additional sources of revenue are sufficient to funding all of the programs the community desires for the students. The bond retirement fund balance increased from the prior fiscal year due to property tax collections outpacing the debt obligations due in fiscal year 2020. The classroom facilities capital projects fund showed a decrease in fund balance as cash was expended for the completion of the construction project.

General Fund Budgeting Highlights

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

During the course of fiscal year 2020 the School District amended its general fund budget numerous times. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budget basis revenue estimate was lower than the original budget estimate. The difference can be attributed to the administration making adjustments for currently known information. These revenue line items fluctuate year to year and are budgeted on a conservative basis to avoid revenue overestimations. Actual revenue was higher than final budget basis revenue predominantly due to intergovernmental receipts which come in the form of foundation settlements directly attributable to student

Toronto City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

counts as a primary factor. The final budget appropriations were marginally different from the original budget appropriations of the general fund as the Board of Education made adjustments for currently known information. Actual expenditures and other financing uses were lower than final budget appropriations due to the School District keeping spending in control while ensuring the programs important to the community are maintained.

Capital Assets and Long-term Liabilities

Capital Assets

During fiscal year 2020, the School District's capital asset additions included the new school building as well as a playground, equipment for the completed school and a gym scoreboard. Please refer to Note 11 within the Notes to the Basic Financial Statements for further information on capital assets.

Debt

On December 20, 2010, the School District issued school facilities and school improvement bonds for the purpose of constructing, furnishing and equipping a new middle/high school building as well as various other improvement to existing school buildings. The bonds include capital appreciation (deep discount) bonds, Build America Term bonds and qualified school construction term bonds. The bonds were issued at a premium. The School District may elect to receive payments directly from the Secretary of the United States Treasury equal to 100 percent of the corresponding interest payable on the qualified school construction term bonds. During fiscal year 2014, the Build America Term bonds were removed from the School District through a refunding debt issuance. The capital appreciation bonds were retired in full in fiscal year 2018. The bonds were originally issued for a thirty-five year period with final maturity now at December 1, 2029. The bonds will be retired from the bond retirement debt service fund.

On June 2, 2014, the School District issued general obligation bonds to refund a portion of the 2010 general obligation classroom facilities and school improvement bonds. The general obligation bonds included serial, term and capital appreciation (deep discount) bonds. The bonds were issued at a premium. The bonds were issued for a thirty-two year period with a final maturity at December 1, 2045. The serial bonds were retired in full during fiscal year 2016. The capital appreciation bonds were originally sold at a discount, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is fiscal year 2031. The serial bonds were retired in full during fiscal year 2016.

As of June 30, 2020, the School District's overall legal debt margin was \$0 with an unvoted debt margin of \$92,438. Please refer to Note 17 within the Notes to the Basic Financial Statements for further information on debt.

Current Financial Related Activities

Toronto is a small residential community of approximately 4,800 people along the Ohio River in Eastern Ohio. Its major business is TIMET, a worldwide producer/distributor of titanium sheet metal products. Many of its residents are employed in the area gaming industry at Mountaineer Park and Wheeling Downs as well as Franciscan University of Steubenville, Trinity Health Systems and Walmart Distribution Center. It also has a number of small and medium businesses.

Toronto City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
Unaudited

The School District is currently operating under HB49 funding formula. According to the fiscal year 2018 District Profile Report (fiscal year 2019 is not available) prepared by the Ohio Department of Education, seventeen percent of the School District's revenue sources are from local funds, sixty-three percent is from State funds, seven percent is from Federal funds and the remaining thirteen percent is from other. The total expenditures per pupil were calculated at \$8,127.

Over the past several years, the School District has remained in a good financial position. In May 1995, the School District passed a 5 mill five-year operating levy. Voters have continued to approve a replacement of the levy. The replacement levy generates \$418,444 annually. The last collection on that levy will occur in calendar year 2020. This levy provides a source of funds for the financial operations and stability of the School District. This levy was renewed in March of 2020 with 69 percent of the vote for the tax levy. However, future finances are not without challenges as our community changes. Some of these challenges are in the future long term effects of public utility deregulation, as well as the reduction of personal property for business inventory.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Coleen Wickham, Treasurer at Toronto City School District, 1307 Dennis Way, Toronto, Ohio 43964.

Basic Financial Statements

Toronto City School District

Statement of Net Position

June 30, 2020

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$9,243,838
Cash and Cash Equivalents With Fiscal Agents	3,306,484
Accounts Receivable	422
Intergovernmental Receivable	171,508
Inventory Held for Resale	6,009
Materials and Supplies Inventory	3,104
Property Taxes Receivable	2,953,584
Net OPEB Asset (Note 15)	469,358
Nondepreciable Capital Assets	121,518
Depreciable Capital Assets, Net	25,702,410
<i>Total Assets</i>	41,978,235
Deferred Outflows of Resources	
Deferred Charge on Refunding	215,335
Pension	1,557,531
OPEB	164,148
<i>Total Deferred Outflows of Resources</i>	1,937,014
Liabilities	
Accounts Payable	39,043
Accrued Wages	809,549
Contracts Payable	13,996
Intergovernmental Payable	176,158
Accrued Interest Payable	29,180
Claims Payable	126,509
Long-Term Liabilities:	
Due Within One Year	167,471
Due in More Than One Year	
Net Pension Liability (Note 14)	8,212,828
Net OPEB Liability (Note 15)	837,172
Other Amounts	8,274,812
<i>Total Liabilities</i>	18,686,718
Deferred Inflows of Resources	
Property Taxes	2,530,202
Pension	537,669
OPEB	853,274
<i>Total Deferred Inflows of Resources</i>	3,921,145
Net Position	
Net Investment in Capital Assets	18,206,367
Restricted for:	
Capital Projects	299,913
Debt Service	1,631,303
Other Purposes	662,937
Unrestricted	506,866
<i>Total Net Position</i>	\$21,307,386

See accompanying notes to the basic financial statements

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

	Program Revenues		Net Revenue/(Expense) and Changes in Net Position
	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities			
Instruction:			
Regular	\$5,911,336	\$676,439	\$52,362
Special	2,048,780	170,971	1,460,295
Vocational	51,543	7,388	16,124
Support Services:			
Pupils	456,863	0	217,479
Instructional Staff	119,682	0	0
Board of Education	11,666	0	0
Administration	1,159,139	0	51,933
Fiscal	360,930	0	1,246
Business	81,712	88,653	0
Operation and Maintenance of Plant	1,299,199	0	23,806
Pupil Transportation	186,131	0	8,028
Central	85,811	0	30,322
Extracurricular Activities	562,986	151,614	95,016
Operation of Non-Instructional Services:			
Food Service Operations	425,977	53,161	269,589
Other Non-Instructional Services	32,734	0	2,309
Interest and Fiscal Charges	366,821	0	0
<i>Totals</i>	<u>\$13,161,310</u>	<u>\$1,148,226</u>	<u>\$2,228,509</u>

General Revenues

Property Taxes Levied for:	
General Purposes	2,106,495
Debt Service	611,026
Classroom Facilities	36,152
Grants and Entitlements not Restricted to Specific Programs	
Unrestricted Contributions	6,448,999
Investment Earnings	6,700
Miscellaneous	152,664
	<u>13,035</u>
<i>Total General Revenues</i>	<u>9,375,071</u>
Change in Net Position	(409,504)
<i>Net Position Beginning of Year - (Restated - See Note 21)</i>	<u>21,716,890</u>
<i>Net Position End of Year</i>	<u>\$21,307,386</u>

See accompanying notes to the basic financial statements

Toronto City School District
Balance Sheet
Governmental Funds
June 30, 2020

	General	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$6,416,435	\$1,628,550	\$305,007	\$893,846	\$9,243,838
Property Taxes Receivable	2,255,896	658,642	0	39,046	2,953,584
Accounts Receivable	0	0	0	422	422
Intergovernmental Receivable	3,997	0	0	167,511	171,508
Interfund Receivable	56,721	0	0	0	56,721
Inventory Held for Resale	0	0	0	6,009	6,009
Materials and Supplies Inventory	0	0	0	3,104	3,104
<i>Total Assets</i>	<u>\$8,733,049</u>	<u>\$2,287,192</u>	<u>\$305,007</u>	<u>\$1,109,938</u>	<u>\$12,435,186</u>
Liabilities					
Accounts Payable	\$29,131	\$0	\$0	\$9,912	\$39,043
Accrued Wages	726,947	0	0	82,602	809,549
Contracts Payable	8,902	0	5,094	0	13,996
Intergovernmental Payable	175,362	0	0	796	176,158
Interfund Payable	0	0	0	56,721	56,721
<i>Total Liabilities</i>	<u>940,342</u>	<u>0</u>	<u>5,094</u>	<u>150,031</u>	<u>1,095,467</u>
Deferred Inflows of Resources					
Property Taxes	1,926,124	570,470	0	33,608	2,530,202
Unavailable Revenue	220,860	44,582	0	63,916	329,358
<i>Total Deferred Inflows of Resources</i>	<u>2,146,984</u>	<u>615,052</u>	<u>0</u>	<u>97,524</u>	<u>2,859,560</u>
Fund Balances					
Nonspendable	0	0	0	3,104	3,104
Restricted	0	1,672,140	299,913	652,327	2,624,380
Committed	43,551	0	0	0	43,551
Assigned	5,602,172	0	0	259,242	5,861,414
Unassigned (Deficit)	0	0	0	(52,290)	(52,290)
<i>Total Fund Balances</i>	<u>5,645,723</u>	<u>1,672,140</u>	<u>299,913</u>	<u>862,383</u>	<u>8,480,159</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$8,733,049</u>	<u>\$2,287,192</u>	<u>\$305,007</u>	<u>\$1,109,938</u>	<u>\$12,435,186</u>

See accompanying notes to the basic financial statements

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

Total Governmental Funds Balances	\$8,480,159
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	25,823,928
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:	
Delinquent Property Taxes	268,375
Intergovernmental	<u>60,983</u>
Total	329,358
The net pension liability and net OPEB asset/liability are not due and payable in the current period; therefore, the asset/liability and related deferred inflows/outflows are not reported in governmental funds:	
Net OPEB Asset	469,358
Deferred Outflows - Pension	1,557,531
Deferred Outflows - OPEB	164,148
Net Pension Liability	(8,212,828)
Net OPEB Liability	(837,172)
Deferred Inflows - Pension	(537,669)
Deferred Inflows - OPEB	<u>(853,274)</u>
Total	(8,249,906)
The internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	3,179,975
In the statement of activities, interest is accrued on outstanding general obligation bonds, whereas in governmental funds, an interest expenditure is reported when due.	(29,180)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(7,968,272)
Compensated Absences	(474,011)
Deferred Charge on Refunding	<u>215,335</u>
Total	<u>(8,226,948)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$21,307,386</u></u>

See accompanying notes to the basic financial statements

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

	General	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues					
Property Taxes	\$2,088,927	\$607,480	\$0	\$35,918	\$2,732,325
Intergovernmental	6,808,289	126,239	1,726,659	1,623,184	10,284,371
Interest	64,555	0	0	144	64,699
Charges for Services	0	0	0	53,161	53,161
Tuition and Fees	847,456	0	0	7,342	854,798
Extracurricular Activities	88,653	0	0	151,614	240,267
Contributions and Donations	6,700	0	0	95,016	101,716
Miscellaneous	23,219	0	0	0	23,219
<i>Total Revenues</i>	<u>9,927,799</u>	<u>733,719</u>	<u>1,726,659</u>	<u>1,966,379</u>	<u>14,354,556</u>
Expenditures					
Current:					
Instruction:					
Regular	4,363,492	0	0	49,759	4,413,251
Special	1,055,896	0	0	1,008,677	2,064,573
Vocational	40,354	0	0	0	40,354
Support Services:					
Pupils	358,012	0	0	102,844	460,856
Instructional Staff	93,154	0	0	0	93,154
Board of Education	11,666	0	0	0	11,666
Administration	1,094,026	0	0	52,960	1,146,986
Fiscal	330,913	14,117	0	1,246	346,276
Business	74,564	0	0	0	74,564
Operation and Maintenance of Plant	889,657	0	0	120,836	1,010,493
Pupil Transportation	156,422	0	0	0	156,422
Central	81,814	0	0	3,997	85,811
Extracurricular Activities	228,641	0	0	259,867	488,508
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	415,171	415,171
Other Non-Instructional Services	9,461	0	0	6,161	15,622
Capital Outlay	11,167	0	4,940,967	169,917	5,122,051
Debt Service:					
Principal Retirement	0	115,000	0	0	115,000
Interest and Fiscal Charges	0	354,175	0	0	354,175
<i>Total Expenditures</i>	<u>8,799,239</u>	<u>483,292</u>	<u>4,940,967</u>	<u>2,191,435</u>	<u>16,414,933</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,128,560</u>	<u>250,427</u>	<u>(3,214,308)</u>	<u>(225,056)</u>	<u>(2,060,377)</u>
Other Financing Sources (Uses)					
Transfers In	0	0	0	90,000	90,000
Transfers Out	(90,000)	0	0	0	(90,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(90,000)</u>	<u>0</u>	<u>0</u>	<u>90,000</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	1,038,560	250,427	(3,214,308)	(135,056)	(2,060,377)
<i>Fund Balances Beginning of Year - (Restated - See Note 21)</i>	<u>4,607,163</u>	<u>1,421,713</u>	<u>3,514,221</u>	<u>997,439</u>	<u>10,540,536</u>
<i>Fund Balances End of Year</i>	<u>\$5,645,723</u>	<u>\$1,672,140</u>	<u>\$299,913</u>	<u>\$862,383</u>	<u>\$8,480,159</u>

See accompanying notes to the basic financial statements

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

Net Change in Fund Balances - Total Governmental Funds (\$2,060,377)

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

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

Capital Asset Additions	5,026,027	
Current Year Depreciation	(910,691)	
Total		4,115,336

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (838,949)

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

Delinquent Property Taxes	21,348	
Intergovernmental	(1,701,879)	
Miscellaneous	(10,184)	
Total		(1,690,715)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 115,000

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:

Accrued Interest	670	
Amortization of Accretion	(16,770)	
Amortization of Bond Premium	11,763	
Amortization of Deferred Charge on Refunding	(8,309)	
Total		(12,646)

Some expenses, such as compensated absences, 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. (54,703)

The internal service funds used by management to charge the costs of insurance to individual funds are not reported in the district wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities. 382,797

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

Pension	635,645	
OPEB	21,709	
Total		657,354

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB asset/liability are reported as pension/OPEB expense in the statement of activities:

Pension	(1,142,283)	
OPEB	119,682	
Total		(1,022,601)

Change in Net Position of Governmental Activities (\$409,504)

See accompanying notes to the basic financial statements

Toronto City School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$2,223,670	\$2,104,474	\$2,118,400	\$13,926
Intergovernmental	7,156,897	6,773,265	6,818,087	44,822
Interest	67,763	64,131	64,555	424
Tuition and Fees	889,569	841,885	847,456	5,571
Contributions and Donations	7,032	6,655	6,700	45
Miscellaneous	56,996	54,421	54,421	0
<i>Total Revenues</i>	10,401,927	9,844,831	9,909,619	64,788
Expenditures				
Current:				
Instruction:				
Regular	9,298,366	9,043,284	4,306,292	4,736,992
Special	1,230,844	1,196,334	1,042,463	153,871
Vocational	108,349	105,309	40,283	65,026
Support Services:				
Pupils	495,699	483,484	358,394	125,090
Instructional Staff	100,220	97,408	92,148	5,260
Board of Education	15,968	15,580	11,666	3,914
Administration	1,401,112	1,361,005	1,088,097	272,908
Fiscal	371,237	360,821	330,290	30,531
Operation and Maintenance of Plant	1,567,529	1,520,728	996,123	524,605
Pupil Transportation	450,365	309,831	154,560	155,271
Central	101,523	98,674	83,688	14,986
Extracurricular Activities	323,774	314,689	229,548	85,141
Operation of Non-Instructional Services:				
Other Non-Instructional Services	8,145	8,888	6,069	2,819
Capital Outlay	11,275	11,275	11,167	108
<i>Total Expenditures</i>	15,484,406	14,927,310	8,750,788	6,176,522
<i>Excess of Revenues Over (Under) Expenditures</i>	(5,082,479)	(5,082,479)	1,158,831	6,241,310
Other Financing Sources (Uses)				
Transfers Out	(90,000)	(90,000)	(90,000)	0
<i>Net Change in Fund Balance</i>	(5,172,479)	(5,172,479)	1,068,831	6,241,310
<i>Fund Balance Beginning of Year</i>	4,905,120	4,905,120	4,905,120	0
Prior Year Encumbrances Appropriated	267,359	267,359	267,359	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$6,241,310	\$6,241,310

See accompanying notes to the basic financial statements

Toronto City School District
Statement of Fund Net Position
Internal Service Fund
June 30, 2020

	<u>Self Insurance</u>
Assets	
Cash and Cash Equivalents With Fiscal Agents	\$3,306,484
Liabilities	
Claims Payable	<u>126,509</u>
Net Position	
Unrestricted	<u><u>\$3,179,975</u></u>

See accompanying notes to the basic financial statements

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

	Self Insurance
Operating Revenues	
Charges for Services	\$1,629,631
Operating Expenses	
Purchased Services	67,190
Claims	1,267,609
<i>Total Operating Expenses</i>	1,334,799
<i>Operating Income (Loss)</i>	294,832
Non-Operating Revenues (Expenses)	
Interest	87,965
<i>Net Change in Net Position</i>	382,797
<i>Net Position Beginning of Year</i>	2,797,178
<i>Net Position End of Year</i>	\$3,179,975

See accompanying notes to the basic financial statements

Toronto City School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2020

	Self Insurance
Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$1,629,631
Cash Payments for Services	(67,190)
Cash Payments for Claims	(1,272,639)
<i>Net Cash Provided by (Used for) Operating Activities</i>	289,802
Cash Flows from Investing Activities	
Interest on Investments	87,965
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	377,767
<i>Cash and Cash Equivalents Beginning of Year</i>	2,928,717
<i>Cash and Cash Equivalents End of Year</i>	\$3,306,484
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	\$294,832
Adjustments:	
Increase (Decrease) in Claims Payable	(5,030)
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$289,802
See accompanying notes to the basic financial statements	

Toronto City School District
Statement of Fiduciary Net Position
Private Purpose Trust Fund
June 30, 2020

	<u>Scholarship</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$22,617
Liabilities	
	<u>0</u>
Net Position	
Held in Trust for Scholarships	<u>\$22,617</u>

See accompanying notes to the basic financial statements

Toronto City School District
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2020

	Scholarship
Additions	
Interest	\$427
Deductions	
College Scholarships Awarded	300
<i>Change in Net Position</i>	127
<i>Net Position Beginning of Year</i>	22,490
<i>Net Position End of Year</i>	\$22,617

See accompanying notes to the basic financial statements

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

Note 1 – Description of the School District and Reporting Entity

Toronto City School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a city school district as defined by 3311.22 of the Ohio Revised Code

The School District operates under a locally-elected five member Board form of government and provides educational services to residents of the School District. The Board oversees the operations of the School District's two instructional/support facilities staffed by the 34 non-certified and 66 certified full-time teaching personnel who provide services to 927 students and other community members.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, agencies and offices that are not legally separate from the School District. For the Toronto City School District, this includes the agencies and departments that provide the following services: general operations, food service, preschool and student related activities of the School District.

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

The School District is associated with two jointly governed organizations, two insurance purchasing pools and one risk sharing pool. These organizations are the Ohio Mid-Eastern Regional Education Service Agency, Jefferson County Joint Vocational School, the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program, the Jefferson Health Plan and the Schools of Ohio Risk Sharing Authority. These organizations are presented in Notes 18 and 19 of the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District however, has no business-type activities.

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

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

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

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

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

Bond Retirement Fund The bond retirement debt service fund accounts for and reports tax levies that are restricted for the repayment of general obligation bonds of the School District.

Classroom Facilities Fund The classroom facilities fund accounts for grants and interest received and expended in connection with contracts entered into by the School District and the Ohio Facilities Construction Commission for the building and equipping of classroom facilities.

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

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

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

Internal Service Fund This fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost-reimbursement basis. The School District's only internal service fund is a self-insurance fund that accounts for the operation of the School District's self-insurance program for employee medical, vision, prescription drug and dental claims.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's only fiduciary fund is a private purpose trust which accounts for a college scholarship program for students.

Measurement Focus

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

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

Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

For proprietary funds, the statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its internal service fund.

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

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from fiduciary funds.

Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 14 and 15.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow

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

on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 14 and 15)

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

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

Pensions/Other Postemployment Benefits (OPEB)

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

Budgetary Data

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been given the authority to allocate appropriations to the function and object level within each fund.

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

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

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

Cash and Cash Equivalents

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

The School District utilizes a financial institution to service self-insurance payments as they come due. The balances in these accounts are presented in the statements as "cash and cash equivalents with fiscal agents."

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2020 amounted to \$64,555, none of which was assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

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

For 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transactions 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.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of donated and purchased food held for resale, and materials and supplies held for consumption.

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of capital assets by backtrending (i.e., estimating the current replacement cost of the capital asset to be capitalized and using an appropriate price-level index to deflate the cost of the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

Description	Governmental Activities Estimated Lives
Land Improvements	15 to 30 years
Buildings and Building Improvements	30 to 50 years
Furniture, Fixtures and Equipment	5 to 20 years
Vehicles	5 to 15 years

Deferred Charge on Refunding

The difference between the reacquisition price (funds required to refund the old debt) of various refunding bonds and the net carrying amount of the old debt, the deferred amount (loss) on refunding, is being amortized as a component of interest expense. This accounting loss is amortized over the remaining life of the old debt or the life of the new debt whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

Bond Premiums

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On the fund financial statements, bond premiums are received in the year the bonds are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Interfund Balances

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees with at least five years of service with the School District.

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities and long-term obligations payable from internal service funds are reported on the internal service fund financial statements.

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding 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 through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, instruction, support services and extracurricular activities.

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental

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

funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education or a School District official delegated that authority by resolution or State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balance for school support and to cover a gap between estimated revenue and appropriations in fiscal year 2021's budget.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Internal Activity

Transfers between governmental activities are eliminated on the government wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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

Operating Revenues and Expenses

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

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 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of

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

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

Fund Balances	General	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total
<i>Nonspendable</i>					
Materials and Supplies Inventory	\$0	\$0	\$0	\$3,104	\$3,104
<i>Restricted for</i>					
Instructional Services	0	0	0	2,738	2,738
Scholarships	0	0	0	56,874	56,874
Student Activities and Wellness	0	0	0	181,740	181,740
Athletics	0	0	0	62,973	62,973
Classroom Facilities Maintenance	0	0	0	331,499	331,499
Preschool	0	0	0	16,503	16,503
Debt Service Payments	0	1,672,140	0	0	1,672,140
Capital Improvements	0	0	299,913	0	299,913
<i>Total Restricted</i>	0	1,672,140	299,913	652,327	2,624,380
<i>Committed to</i>					
Lawn Care	2,420	0	0	0	2,420
Technological Services	8,251	0	0	0	8,251
Office Furnishings	32,880	0	0	0	32,880
<i>Total Committed</i>	43,551	0	0	0	43,551
<i>Assigned to</i>					
Capital Improvements	0	0	0	259,242	259,242
School Support	56,217	0	0	0	56,217
Fiscal Year 2021 Operations	5,424,652	0	0	0	5,424,652
Purchases on Order:					
Instruction	14,613	0	0	0	14,613
Support Services	106,690	0	0	0	106,690
<i>Total Assigned</i>	5,602,172	0	0	259,242	5,861,414
<i>Unassigned (Deficit)</i>	0	0	0	(52,290)	(52,290)
<i>Total Fund Balances</i>	\$5,645,723	\$1,672,140	\$299,913	\$862,383	\$8,480,159

Note 4 – Accountability

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

Special Revenue Funds:

Food Service	\$17,248
Title VI-B	19,288
Title I	12,650

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

The special revenue funds have deficits caused by the recognition of expenditures on a modified accrual basis of accounting which are substantially greater than the expenditures recognized on a cash basis. The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur.

Note 5 – Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Budgetary revenues and expenditures of the public school support fund are classified to the general fund for GAAP reporting purposes.
3. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
4. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
5. Unreported cash represents amounts received but not included as revenue on the budgetary statements, but which are reported on the operating statements prepared using GAAP.

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

Net Change in Fund Balance	
GAAP Basis	\$1,038,560
Net Adjustment for Revenue Accruals	(109,545)
Ending Unrecorded Cash	1,712
Perspective Difference:	
Public School Support	14,089
Net Adjustment for Expenditure Accruals	301,356
Adjustment for Encumbrances	(177,341)
Budget Basis	\$1,068,831

Note 6 – Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

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

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

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

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

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

Interim monies held by the School 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;
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).

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

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. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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

Investments

As of June 30, 2020, the School District had STAR Ohio as an investment. STAR Ohio is being held with an amount of \$2,535,998 which is valued at net asset value per share. The average maturity is 41.5 days.

Note 7 – Receivables

Receivables at June 30, 2020, consisted of taxes, accounts and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of federal funds. All receivables, except for property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
Title I Grant	\$73,011
IDEA Part B Grant	31,255
Public School Preschool Grant	28,915
Improving Teacher Quality Grant	19,290
Miscellaneous Federal Grants	14,043
Medicaid Reimbursements	3,997
Early Childhood Education Grant	997
Total	\$171,508

Note 8 – Property Taxes

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

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

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenues received in calendar year 2020 represents collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of January 1, 2019, the lien date. Assessed values for real property are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid 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.

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

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

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2020, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 were levied to finance current fiscal year operations are reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The amount available as an advance at June 30, 2020, was \$108,912 in the general fund, \$2,505 in the classroom facilities special revenue fund and \$43,590 in the bond retirement debt service fund. The amount available as an advance at June 30, 2019, was \$138,385 in the general fund, \$3,353 in the classroom facilities special revenue fund and \$58,852 in the bond retirement debt service fund.

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

	2019 Second Half Collections		2020 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$69,324,200	74.39 %	\$69,192,700	74.85 %
Public Utility Personal	23,864,190	25.61	23,244,960	25.15
Total	<u>\$93,188,390</u>	<u>100.00 %</u>	<u>\$92,437,660</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$45.75		\$45.75	

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

Note 9 – Interfund Transfers and Balances

Interfund Transfers

The general fund transferred \$90,000 to the food service special revenue fund to assist with food service operations.

Interfund Balances

Interfund Payable	Interfund Receivable
	General
<i>Other Governmental Funds:</i>	
Public School Preschool	\$514
Title VI-B	8,031
Title I	24,921
Special Education Preschool	151
Title II-A	16,690
Miscellaneous Federal Grants	6,414
Total	\$56,721

Interfund receivables and payables at June 30, 2020, are due to the timing of the receipt of grant monies and monies collected for some programs received by various funds. The general fund provides money to operate the programs until grants and other monies are received and the advances can be repaid. These loans are expected to be repaid in one year.

Note 10 – Other Employee Benefits

Compensated Absences

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

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days for certified personnel and 265 days for classified personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 55 days for certified employees and 57 days for classified employees.

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

Note 11 – Capital Assets

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

Governmental Activities	Balance 06/30/19	Additions	Deductions	Balance 06/30/20
<i>Capital Assets not being Depreciated:</i>				
Land	\$215,638	\$0	(\$94,120)	\$121,518
Construction in Progress	5,032,657	4,039,485	(9,072,142)	0
<i>Total Capital Assets not being Depreciated</i>	5,248,295	4,039,485	(9,166,262)	121,518
<i>Capital Assets being Depreciated:</i>				
Land Improvements	3,527,777	518,836	(186,819)	3,859,794
Buildings and Building Improvements	20,366,984	9,072,142	(3,683,821)	25,755,305
Furniture, Fixtures and Equipment	792,058	467,706	(155,979)	1,103,785
Vehicles	514,101	0	0	514,101
<i>Total Capital Assets being Depreciated</i>	25,200,920	10,058,684	(4,026,619)	31,232,985
Less Accumulated Depreciation:				
Land Improvements	(1,387,230)	(170,632)	180,188	(1,377,674)
Buildings and Building Improvements	(5,756,670)	(648,165)	2,968,322	(3,436,513)
Furniture, Fixtures and Equipment	(399,473)	(63,802)	133,280	(329,995)
Vehicles	(358,301)	(28,092)	0	(386,393)
<i>Total Accumulated Depreciation</i>	(7,901,674)	(910,691) *	3,281,790	(5,530,575)
<i>Total Assets being Depreciated, Net</i>	17,299,246	9,147,993	(744,829)	25,702,410
<i>Governmental Activities Capital Assets, Net</i>	\$22,547,541	\$13,187,478	(\$9,911,091)	\$25,823,928

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$750,274
Support Services:	
Instructional Staff	26,211
Business	4,611
Operation and Maintenance of Plant	20,014
Pupil Transportation	24,346
Food Service Operations	1,081
Other Non-Instructional Services	17,017
Extracurricular Activities	67,137
Total Depreciation Expense	\$910,691

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

Note 12 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2020, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) for various types of insurance. Coverage is as follows:

Coverage	Deductible	Liability Limit
Building and Business Personal Property	\$1,000	*
* All SORSA Members covered up to \$300,000,000		
Limit including extensions of coverage		
Earthquake	50,000	\$2,000,000
Flood Limit	50,000	2,000,000
Equipment Breakdown	1,000	300,000,000
CFC Refrigerants	1,000	250,000
Hazardous Substance	1,000	250,000
Spoilage	1,000	250,000
Expediting expenses	1,000	250,000
Crime Coverage		
Employee Dishonesty	1,000	100,000
Forgery or Alteration	1,000	100,000
Computer Fraud	1,000	100,000
Theft, Disappearance and Destruction	1,000	100,000
General Liability		
Bodily Injury		15,000,000
Personal Injury		15,000,000
Products/Completed Operations		15,000,000
Employers Stop Gap Liability		
Bodily Injury by accident - each accident		15,000,000
Bodily Injury by disease - policy limit		15,000,000
Bodily Injury by disease - each employee		15,000,000
Aggregate Limit		15,000,000
General Annual Aggregate		17,000,000
Fire Legal Liability		500,000
Medical Payments Occurrence/Aggregate		10,000/25,000
Educator's Legal Liability		
Wrongful Acts Coverage	2,500	
Per occurrence		15,000,000
Aggregate		15,000,000
Employee Benefits Liability		15,000,000
Automobile Liability		
Bodily injury & property damages per occur		15,000,000
Medical payments		10,000/25,000
Uninsured/underinsured motorist		100,000/1,000,000
Automobile Physical Damage	250	Actual Cash Value

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

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from last year.

Worker's Compensation

For fiscal year 2020, the School District participated in the Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the 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. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Employee Insurance Benefits

The School District offers medical, surgical, and dental insurance to employees through a self-insurance internal service fund. The School District's monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District's behalf. The claims liability of \$126,509 reported in the internal service funds at June 30, 2020, is estimated by and based on the requirements of the Governmental Accounting Standards Board Statement No. 30 which required that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the funds' claims liability amounts for 2019 and 2020 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2019	\$120,932	\$926,603	(\$915,996)	\$131,539
2020	131,539	1,267,609	(1,272,639)	126,509

Note 13 – Contingencies

Grants

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

However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

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

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2020 have been finalized, which did not result in a material receivable to, or a liability of, the School District.

Litigation

The School District is not a party to any material legal proceedings.

Note 14 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

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

enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan’s unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 15 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District’s 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, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent.

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

For fiscal year 2020, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$156,984 for fiscal year 2020. Of this amount \$20,878 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year 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.

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

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.

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 School District's contractually required contribution to STRS was \$478,661 for fiscal year 2020. Of this amount \$89,054 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Prior Measurement Date	0.03418360%	0.02901514%	
Current Measurement Date	0.03252230%	0.02833884%	
Change in Proportionate Share	-0.00166130%	-0.00067630%	
Proportionate Share of the Net			
Pension Liability	\$1,945,865	\$6,266,963	\$8,212,828
Pension Expense	\$289,183	\$853,100	\$1,142,283

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$49,343	\$51,023	\$100,366
Changes of assumptions	0	736,176	736,176
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	11,285	74,059	85,344
School District contributions subsequent to the measurement date	<u>156,984</u>	<u>478,661</u>	<u>635,645</u>
Total Deferred Outflows of Resources	<u><u>\$217,612</u></u>	<u><u>\$1,339,919</u></u>	<u><u>\$1,557,531</u></u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$27,129	\$27,129
Net difference between projected and actual earnings on pension plan investments	24,977	306,296	331,273
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>56,697</u>	<u>122,570</u>	<u>179,267</u>
Total Deferred Inflows of Resources	<u><u>\$81,674</u></u>	<u><u>\$455,995</u></u>	<u><u>\$537,669</u></u>

\$635,645 is reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2021	\$27,487	\$406,155	\$433,642
2022	(61,037)	48,328	(12,709)
2023	(1,662)	(60,241)	(61,903)
2024	<u>14,166</u>	<u>11,021</u>	<u>25,187</u>
Total	<u><u>(\$21,046)</u></u>	<u><u>\$405,263</u></u>	<u><u>\$384,217</u></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.

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

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 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.50 percent to 18.20 percent 2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

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

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

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

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

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$2,726,854	\$1,945,865	\$1,290,910

Actuarial Assumptions - STRS

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

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

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

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

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	1.00	2.25
Total	100.00 %	

* Target weights will be phased in over a 24-month period concluding on July1, 2019.

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

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

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

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
School District's proportionate share of the net pension liability	\$9,158,470	\$6,266,963	\$3,819,156

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

Note 15 - Defined Benefit OPEB Plans

See note 14 for a description of the net OPEB liability.

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

For fiscal year 2020, the School District's surcharge obligation was \$21,709.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$21,709 for fiscal year 2020. Of this amount \$21,709 is reported as an intergovernmental payable.

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

Plan Description - State Teachers Retirement System (STRS)

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

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Prior Measurement Date	0.03467380%	0.02901514%	
Current Measurement Date	0.03328990%	0.02833884%	
Change in Proportionate Share	-0.00138390%	-0.00067630%	
Proportionate Share of the:			
Net OPEB Liability	\$837,172	\$0	\$837,172
Net OPEB (Asset)	\$0	(\$469,358)	(\$469,358)
OPEB Expense	\$24,510	(\$144,192)	(\$119,682)

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$12,289	\$42,551	\$54,840
Changes of assumptions	61,146	9,866	71,012
Net difference between projected and actual earnings on OPEB plan investments	2,010	0	2,010
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	4,772	9,805	14,577
School District contributions subsequent to the measurement date	<u>21,709</u>	<u>0</u>	<u>21,709</u>
Total Deferred Outflows of Resources	<u>\$101,926</u>	<u>\$62,222</u>	<u>\$164,148</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$183,921	\$23,879	\$207,800
Changes of assumptions	46,912	514,597	561,509
Net difference between projected and actual earnings on OPEB plan investments	0	29,479	29,479
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>45,760</u>	<u>8,726</u>	<u>54,486</u>
Total Deferred Inflows of Resources	<u>\$276,593</u>	<u>\$576,681</u>	<u>\$853,274</u>

\$21,709 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2021	(\$52,075)	(\$112,533)	(\$164,608)
2022	(33,502)	(112,533)	(146,035)
2023	(32,912)	(100,718)	(133,630)
2024	(33,008)	(96,572)	(129,580)
2025	(30,948)	(92,804)	(123,752)
Thereafter	<u>(13,931)</u>	<u>701</u>	<u>(13,230)</u>
Total	<u>(\$196,376)</u>	<u>(\$514,459)</u>	<u>(\$710,835)</u>

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

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

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of

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

return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 14.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019, was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22 percent) and higher (4.22 percent) than the current discount rate (3.22 percent). 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 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
School District's proportionate share of the net OPEB liability	\$1,016,167	\$837,172	\$694,848
	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$670,744	\$837,172	\$1,057,980

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

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:

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

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

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

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

Since the prior measurement date, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 14.

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

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	(\$400,505)	(\$469,358)	(\$527,250)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$532,232)	(\$469,358)	(\$392,355)

Note 16 – Set-Asides

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

The following cash basis information describes the change in the fiscal year-end set-aside amounts for capital acquisitions. Disclosure of this information is required by State statute.

	<u>Capital Improvement</u>
Set-aside Balance as of June 30, 2019	\$0
Current Year Set-aside Requirement	151,812
Offsets During the Fiscal Year:	
Permanent Improvement Levy Proceeds	(705,009)
Totals	(\$553,197)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0
Set-aside Balance as of June 30, 2020	\$0

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

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

Note 17 – Long-Term Obligations

Original issue amounts and interest rates of the School District’s debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Fiscal Year of Maturity
2010 Classroom Facilities and School Improvement Bonds:			
Qualified School Construction Bonds			
Current Interest Term Bonds	7.00%	\$1,750,000	2029
2010C Classroom Facilities and School Improvement Refunding Bonds:			
Current Interest Term Bonds	4.00%	6,050,000	2046
Capital Appreciation Bonds	1.25% to 2.15%	95,000	2031

The changes in the School District’s long-term obligations during the year consist of the following:

	Principal Outstanding 6/30/19	Additions	Deductions	Principal Outstanding 6/30/20	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds:					
Classroom Facilities and School Improvement Bonds					
Term Bonds	\$1,660,000	\$0	\$115,000	\$1,545,000	\$130,000
Premium on Bonds	62,488	0	6,249	56,239	0
<i>Total Classroom Facilities and School Improvement Bonds</i>	<u>1,722,488</u>	<u>0</u>	<u>121,249</u>	<u>1,601,239</u>	<u>130,000</u>
Classroom Facilities and School Improvement Refunding Bonds					
Term Bonds	6,050,000	0	0	6,050,000	0
Capital Appreciation Bonds	95,000	0	0	95,000	0
Accretion	62,367	16,770	0	79,137	0
Premium on Bonds	148,410	0	5,514	142,896	0
<i>Total Classroom Facilities and School Improvement Refunding Bonds</i>	<u>6,355,777</u>	<u>16,770</u>	<u>5,514</u>	<u>6,367,033</u>	<u>0</u>
<i>Total General Obligation Bonds</i>	<u>8,078,265</u>	<u>16,770</u>	<u>126,763</u>	<u>7,968,272</u>	<u>130,000</u>
Other Long Term Obligations					
Net Pension Liability:					
STRS	6,379,779	0	112,816	6,266,963	0
SERS	1,957,759	0	11,894	1,945,865	0
<i>Total Net Pension Liability</i>	<u>8,337,538</u>	<u>0</u>	<u>124,710</u>	<u>8,212,828</u>	<u>0</u>
Net OPEB Liability:					
SERS	961,945	0	124,773	837,172	0
Compensated Absences	419,308	91,035	36,332	474,011	37,471
<i>Total Other Long Term Obligations</i>	<u>9,718,791</u>	<u>91,035</u>	<u>285,815</u>	<u>9,524,011</u>	<u>37,471</u>
<i>Total General Long-Term Obligations</i>	<u>\$17,797,056</u>	<u>\$107,805</u>	<u>\$412,578</u>	<u>\$17,492,283</u>	<u>\$167,471</u>

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

Compensated absences will be paid from the general fund and the food service, public school preschool, title VI-B, title I special revenue funds. There are no repayment schedules for the net pension liability and net OPEB liability. However, employer pension and OPEB contributions are made from following funds: the general fund and the food service, public school preschool, title VI-B, title I and title II-A special revenue funds. For additional information related to the net pension and net OPEB liabilities see Notes 14 and 15.

On December 20, 2010, the School District issued \$8,199,996 in school facilities and school improvement bonds for the purpose of constructing, furnishing and equipping a new middle/high school building as well as various other improvement to existing school buildings. The bonds include capital appreciation (deep discount) bonds, Build America Term bonds and qualified school construction term bonds in the amounts of \$249,996, \$6,200,000 and \$1,750,000, respectively. The bonds were issued at a premium of \$452,810. The School District may elect to receive payments directly from the Secretary of the United States Treasury equal to 100 percent of the corresponding interest payable on the qualified school construction term bonds. During fiscal year 2014, the Build America Term bonds were removed from the School District through a refunding debt issuance. The capital appreciation bonds were retired in full in fiscal year 2018. The bonds were originally issued for a thirty-five year period with final maturity now at December 1, 2029. The bonds will be retired from the bond retirement debt service fund.

The qualified school construction term bonds maturing on December 1, 2028 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Issue
	\$1,750,000
2021	\$130,000
2022	150,000
2023	155,000
2024	160,000
2025	160,000
2026	185,000
2027	190,000
2028	205,000
Total Mandatory Sinking Fund Payments	1,335,000
Amount Due at Stated Maturity	210,000
Total	\$1,545,000
Stated Maturity	12/1/2028

On June 2, 2014, the School District issued \$6,200,000 in general obligation bonds to refund a portion of the 2010 general obligation classroom facilities and school improvement bonds. The general obligation bonds included serial, term and capital appreciation (deep discount) bonds in the amount of \$55,000, \$6,050,000 and \$95,000, respectively. The bonds were issued at a premium of \$176,438. The bonds were issued for a thirty-two year period with a final maturity at December 1, 2045. The serial bonds were retired in full during fiscal year 2016.

The capital appreciation bonds were originally sold at a discount of \$380,000, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is fiscal year 2031.

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

The maturity amount of outstanding capital appreciation bonds is \$475,000. The accretion recorded for fiscal year 2020 was \$16,770, for a total outstanding bond liability of \$174,137.

The term bonds matures on December 1, 2032, 2034, 2037, 2040, 2043, 2045 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

Year	Issue					
	\$515,000	\$565,000	\$1,065,000	\$1,295,000	\$1,525,000	\$1,085,000
2031	\$255,000	\$0	\$0	\$0	\$0	\$0
2033	0	275,000	0	0	0	0
2035	0	0	325,000	0	0	0
2036	0	0	345,000	0	0	0
2038	0	0	0	410,000	0	0
2039	0	0	0	430,000	0	0
2041	0	0	0	0	475,000	0
2042	0	0	0	0	495,000	0
2044	0	0	0	0	0	575,000
Total mandatory sinking sinking fund payment	\$255,000	\$275,000	\$670,000	\$840,000	\$970,000	\$575,000
Amount due at stated maturity	260,000	290,000	395,000	455,000	555,000	510,000
Total	<u>\$515,000</u>	<u>\$565,000</u>	<u>\$1,065,000</u>	<u>\$1,295,000</u>	<u>\$1,525,000</u>	<u>\$1,085,000</u>
<i>Stated Maturity</i>	12/1/2032	12/1/2034	12/1/2037	12/1/2040	12/1/2043	12/1/2045

The School District's overall legal debt margin was \$0 with an unvoted debt margin of \$92,438 at June 30, 2020. The School District has been designated an "approved special needs School District" by the Ohio Superintendent of Public Instruction. As a result, any debt of the School District authorized by the School District's voters at the election held on November 2, 2010, in excess of the 9 percent limitation is exempted from that limitation pursuant to Ohio Revised Code Section 133.06(D)(2).

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

Fiscal Year	General Obligation Bonds				
	Capital Appreciation		Term		
	Principal	Interest	Principal	Interest	Subsidy
2021	\$0	\$0	\$130,000	\$345,600	(\$77,324)
2022	0	0	150,000	335,800	(70,010)
2023	0	0	155,000	325,125	(62,043)
2024	0	0	160,000	314,100	(53,814)
2025	0	0	160,000	302,900	(45,454)
2026 - 2030	50,000	210,000	790,000	1,323,750	(84,901)
2031 - 2035	45,000	170,000	1,080,000	1,126,000	0
2036 - 2040	0	0	1,905,000	814,500	0
2041 - 2045	0	0	2,555,000	370,300	0
2046	0	0	510,000	10,200	0
Total	<u>\$95,000</u>	<u>\$380,000</u>	<u>\$7,595,000</u>	<u>\$5,268,275</u>	<u>(\$393,546)</u>

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

Note 18 – Jointly Governed Organizations

Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) The Ohio Mid-Eastern Regional Educational Service Agency was created as a regional council of governments pursuant to State Statutes. OME-RESA has twelve participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Monroe, Muskingum, Noble and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school district's elected boards, plus a joint vocational service representative, the fiscal agent superintendent and a treasurer, which possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. OME-RESA provides financial accounting services, educational management information, internet access and cooperative purchasing services to member districts. The School District participates in the natural gas sales service program. This program allows schools to purchase natural gas at reduced rates. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage and any necessary adjustments are made. The School District no longer pays OME-RESA directly for the gas purchases, but instead pays the gas vendor. The School District paid OME-RESA \$64,109 for financial accounting services, educational management information, internet access, student services systems, and automated notification systems for fiscal year 2020. The Jefferson County Educational Service Center serves as the fiscal agent and receives funding from the State Department of Education. To obtain financial information write to Ohio Mid-Eastern Regional Educational Service Agency, Treasurer, at 2230 Sunset Blvd., Suite 2, Steubenville, Ohio 43952.

Jefferson County Joint Vocational School The Jefferson County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school district's elected boards, which possesses its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the Board. During fiscal year 2020, the School District made no contributions to the Vocational School District. To obtain financial information write to the Jefferson County Joint Vocational School, Treasurer, at 1509 County Highway 22A, Bloomingdale, Ohio 43910.

Note 19 – Public Entity Pools

Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Retrospective Rating Program The School District participates in the Ohio School Boards Association Workers' Compensation Group Retrospective 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 OSBA. The Executive Director of the OSBA, 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.

Jefferson Health Plan The School District participates in the Jefferson Health Plan (formally known as OME-RESA Health Benefits Consortium), an insurance purchasing pool. The plan's business and affairs are conducted by a Board of Trustees consisting of the current Superintendent of each of the school districts and county boards of education in the Plan. The Executive Director, or his designee, serves as coordinator of the program. Each month, the participating school districts pay a premium to the Plan to cover the costs of administering the program.

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

Shared Risk Pool

Schools of Ohio Risk Sharing Authority The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing pool with over 113 members. SORSA is a 100 percent member-owned, non-profit insurance risk pool owned and governed by the school district members. SORSA is governed by a Board of Directors composed of representatives of school districts that participate in the program.

SORSA has agreements with several separate organizations whereby each provides certain administrative, executive, accounting, marketing, underwriting, claim settlement, legal counsel and other services to SORSA and its members. Pursuant to participation agreements with SORSA, each member school district agrees to pay all funding rates associated with the coverage elected. This coverage includes comprehensive general liability, property insurance and automobile liability insurance. To obtain financial information write to the Schools of Ohio Risk Sharing Authority, Executive Director, at 8050 North High Street, Suite 160, Columbus, Ohio 43235-6483.

Note 20 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	\$177,341
Other Governmental Funds	<u>38,668</u>
Total Governmental	<u><u>\$216,009</u></u>

Note 21 – Change in Accounting Principle and Restatement of Fund Balances and Net Position

Change in Accounting Principles

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The School District evaluated implementing these certain GASB pronouncements based on the guidance in GASB 95.

For fiscal year 2020, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* and related guidance from (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities*.

For fiscal year 2020, the School District also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2018-1*. These changes were incorporated in the School District's fiscal year 2020 financial statements; however, there was no effect on beginning net position/fund balance.

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

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. The School District reviewed its agency funds and certain funds will be reported in the new fiduciary fund classification of custodial funds, while other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the School District's financial statements.

Restatement of Fund Balances and Net Position

The implementation of GASB Statement No. 84 had the following effect on fund balance as of June 30, 2019:

	<u>General</u>	<u>Bond Retirement</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances, June 30, 2019	\$4,607,163	\$1,421,713	\$3,514,221	\$927,435	\$10,470,532
Adjustments:					
GASB Statement 84	<u>0</u>	<u>0</u>	<u>0</u>	<u>70,004</u>	<u>70,004</u>
Restated Fund Balances, June 30, 2019	<u>\$4,607,163</u>	<u>\$1,421,713</u>	<u>\$3,514,221</u>	<u>\$997,439</u>	<u>\$10,540,536</u>

The implementation of GASB Statement No. 84 had the following effect on governmental and fiduciary net position as of June 30, 2019:

	<u>Governmental Activities</u>	<u>Agency</u>
Net Position June 30, 2019	\$21,646,886	\$0
Adjustments:		
GASB Statement 84	70,004	0
Assets	0	(70,004)
Liabilities	<u>0</u>	<u>70,004</u>
Restated Net Position, June 30, 2019	<u>\$21,716,890</u>	<u>\$0</u>

Note 22 – COVID-19

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

This page intentionally left blank.

Required Supplementary Information

Toronto City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Seven Fiscal Years (1)

	2020	2019	2018
School District's Proportion of the Net Pension Liability	0.03252230%	0.03418360%	0.03455330%
School District's Proportionate Share of the Net Pension Liability	\$1,945,865	\$1,957,759	\$2,064,484
School District's Covered Payroll	\$1,113,793	\$1,213,444	\$1,059,929
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	174.71%	161.34%	194.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%

(1) Although this schedule is intended to reflect information for ten years, information prior fiscal year 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2017	2016	2015	2014
0.03351660%	0.03291240%	0.02986800%	0.02986800%
\$2,453,106	\$1,878,015	\$1,511,603	\$1,776,154
\$1,042,786	\$1,000,099	\$1,107,611	\$942,420
235.25%	187.78%	136.47%	188.47%
62.98%	69.16%	71.70%	65.52%

Toronto City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Four Fiscal Years (1)

	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.03328990%	0.03467380%	0.03482330%	0.03382760%
School District's Proportionate Share of the Net OPEB Liability	\$837,172	\$961,945	\$934,566	\$964,212
School District's Covered Payroll	\$1,113,793	\$1,213,444	\$1,059,929	\$1,042,786
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	75.16%	79.27%	88.17%	92.46%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%

(1) Although this schedule is intended to reflect information for ten years, information prior fiscal year 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

This page intentionally left blank.

Toronto City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Seven Fiscal Years (1)

	2020	2019	2018
School District's Proportion of the Net Pension Liability	0.02833884%	0.02901514%	0.02868496%
School District's Proportionate Share of the Net Pension Liability	\$6,266,963	\$6,379,779	\$6,814,174
School District's Covered Payroll	\$3,433,243	\$3,289,429	\$3,186,971
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	182.54%	193.95%	213.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.30%	75.30%

(1) Although this schedule is intended to reflect information for ten years, information prior fiscal year 2014 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

2017	2016	2015	2014
0.02884303%	0.02802220%	0.02906415%	0.02906415%
\$9,654,632	\$7,744,517	\$7,069,407	\$8,421,032
\$3,048,529	\$2,925,043	\$2,947,931	\$3,847,669
316.70%	264.77%	239.81%	218.86%
66.80%	72.10%	74.70%	69.30%

Toronto City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability
State Teachers Retirement System of Ohio
Last Four Fiscal Years (1)

	2020	2019	2018	2017
School District's Proportion of the Net OPEB (Asset) Liability	0.02833884%	0.02901514%	0.02868496%	0.02884303%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$469,358)	(\$466,243)	\$1,119,181	\$1,542,533
School District's Covered Payroll	\$3,433,243	\$3,289,429	\$3,186,971	\$3,048,529
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered - Payroll	-13.67%	-14.17%	35.12%	50.60%
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset) Liability	174.70%	176.00%	47.10%	37.30%

(1) Although this schedule is intended to reflect information for ten years, information prior fiscal year 2017 is not available. An additional column will be added each year.

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

See accompanying notes to the required supplementary information

This page intentionally left blank.

Toronto City School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2020	2019	2018	2017
Net Pension Liability				
Contractually Required Contribution	\$156,984	\$150,362	\$163,815	\$148,390
Contributions in Relation to the Contractually Required Contribution	(156,984)	(150,362)	(163,815)	(148,390)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$1,121,314	\$1,113,793	\$1,213,444	\$1,059,929
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	21,709	25,705	24,775	17,868
Contributions in Relation to the Contractually Required Contribution	(21,709)	(25,705)	(24,775)	(17,868)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.94%</u>	<u>2.31%</u>	<u>2.04%</u>	<u>1.69%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.94%</u>	<u>15.81%</u>	<u>15.54%</u>	<u>15.69%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2016	2015	2014	2013	2012	2011
\$145,990	\$131,813	\$153,515	\$130,431	\$144,705	\$149,869
(145,990)	(131,813)	(153,515)	(130,431)	(144,705)	(149,869)
\$0	\$0	\$0	\$0	\$0	\$0
\$1,042,786	\$1,000,099	\$1,107,611	\$942,420	\$1,075,874	\$1,192,278
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%
16,526	25,046	19,540	16,814	23,391	36,414
(16,526)	(25,046)	(19,540)	(16,814)	(23,391)	(36,414)
\$0	\$0	\$0	\$0	\$0	\$0
1.58%	2.50%	1.76%	1.78%	2.17%	3.05%
15.58%	15.68%	15.62%	15.62%	15.62%	15.62%

Toronto City School District
Required Supplementary Information
Schedule of the School District's Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Net Pension Liability				
Contractually Required Contribution	\$478,661	\$480,654	\$460,520	\$446,176
Contributions in Relation to the Contractually Required Contribution	<u>(478,661)</u>	<u>(480,654)</u>	<u>(460,520)</u>	<u>(446,176)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$3,419,007	\$3,433,243	\$3,289,429	\$3,186,971
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information

2016	2015	2014	2013	2012	2011
\$426,794	\$409,506	\$383,231	\$500,197	\$501,290	\$524,102
(426,794)	(409,506)	(383,231)	(500,197)	(501,290)	(524,102)
\$0	\$0	\$0	\$0	\$0	\$0
\$3,048,529	\$2,925,043	\$2,947,931	\$3,847,669	\$3,856,077	\$4,031,554
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%
\$0	\$0	\$29,479	\$38,477	\$38,561	\$40,316
0	0	(29,479)	(38,477)	(38,561)	(40,316)
\$0	\$0	\$0	\$0	\$0	\$0
0.00%	0.00%	1.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

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

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented below:

	Fiscal Year 2017	Fiscal Year 2016 and Prior
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are 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. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2018, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	Fiscal Year 2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuity 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

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

generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Net OPEB Liability

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:	
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

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

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

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

Changes in Benefit Terms – STRS OPEB

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

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

For fiscal year 2020, 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.

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

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

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Federal CFDA Number	Expenditures	Non-Cash Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education:</i>			
<i>Nutrition Cluster:</i>			
<i>Non-Cash Assistance (Food Distribution):</i>			
National School Lunch Program	10.555		\$28,048
<i>Cash Assistance:</i>			
School Breakfast Program	10.553	43,313	
COVID-19 - School Breakfast Program	10.553	30,843	
Total School Breakfast Program		<u>74,156</u>	
National School Lunch Program	10.555	110,490	
COVID-19 - National School Lunch Program	10.555	52,321	
Total National School Lunch Program		<u>162,811</u>	
Total Nutrition Cluster Total (Cash and Non-Cash)		236,967	28,048
<i>Direct Program</i>			
Rural Utilities Services (RUS)			
Distance Learning & Telemedicine (DLT) Grant	10.855	\$441,879	
Total U.S. Department of Agriculture		<u>678,846</u>	<u>28,048</u>
UNITED STATES DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education:</i>			
Title 1 Grants to Local Educational Agencies (Title 1, Part A of the ESEA)	84.010	285,650	
<i>Special Education Cluster:</i>			
Special Education Grants to States	84.027	186,845	
Special Education Preschool Grants	84.173	2,832	
Special Education Cluster Total		<u>189,677</u>	
Supporting Effective Instruction State Grants (Title II-A)	84.367	42,843	
Student Support and Academic Enrichment Program	84.424	13,652	
Total U.S. Department of Education		<u>531,822</u>	
Totals		<u>\$1,210,668</u>	<u>\$28,048</u>

The accompanying notes are an integral part of this schedule.

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Toronto City School District (the District's) under programs of the federal government for the year ended June 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following 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.

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



Conference Center, Suite 154
6000 Frank Ave. NW
North Canton, OH 44720
EastRegion@ohioauditor.gov
(800) 443-9272

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

Toronto City School District
Jefferson County
1307 Dennis Way
Toronto, Ohio 43964

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 Toronto City School District, Jefferson 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 March 17, 2021. We noted the District adopted GASB Statement No. 84, *Fiduciary Activities*, and we also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

March 17, 2021

OHIO AUDITOR OF STATE KEITH FABER



Conference Center, Suite 154
6000 Frank Ave. NW
North Canton, OH 44720
EastRegion@ohioauditor.gov
(800) 443-9272

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

Toronto City School District
Jefferson County
1307 Dennis Way
Toronto, Ohio 43964

To the Board of Education:

Report on Compliance for each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

March 17, 2021

**TORONTO CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA # 84.010 – Title I CFDA #10.553 & 10.555 – Nutrition Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



TORONTO CITY SCHOOL DISTRICT

JEFFERSON 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