



OHIO AUDITOR OF STATE
KEITH FABER



**GENEVA AREA CITY SCHOOL DISTRICT
ASHTABULA COUNTY
JUNE 30, 2021**

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ASHTABULA COUNTY
JUNE 30, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Geneva Area City School District
Ashtabula County
135 South Eagle Street
Geneva, Ohio 44041

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 Geneva Area City School District, Ashtabula County, Ohio (the District), as of and for the year ended June 30, 2021, 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2022, 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 10, 2022

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Geneva Area City School District

Ashtabula County

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

Unaudited

As management of the Geneva Area 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, 2021. 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

- General revenues accounted for about \$24.7 million in revenue or 78.7% of all governmental revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for about \$6.7 million or 21.3% of total governmental revenues of \$31.3 million.
- The School District had \$29.8 million in expenses related to governmental activities; but \$6.7 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and grants and entitlements not restricted to specific programs) of \$20.7 million were adequate to provide for these programs, resulting in an increase in net position of \$1,520,436 or 4.5%.
- At the end of the current fiscal year the governmental funds reported a combined ending fund balance of \$12.9 million, an increase of \$2,601,473 from the prior year.

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 comprise four components: (1) government-wide statements, (2) fund financial statements, (3) notes to the basic financial statements and (4) required supplementary information.

Government-wide Financial Statements The government-wide financial statements are designed to provide readers 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 assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference being 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). The School District's statement of activities prepared on an accrual basis of accounting includes an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and the net OPEB liability or asset not accounted for as deferred inflows/outflows.

Geneva Area City School District
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Both of the government-wide financial statements distinguish functions of the School District that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the School District include instruction, supporting service, operation of non-instructional services, extracurricular activities, and interest and fiscal charges. The government-wide financial statements can be found on pages 16-17 of this report.

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 objective. The School District, like the state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into three categories: governmental funds, proprietary fund and fiduciary funds.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and 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.

The basic fund financial statements can be found on pages 18-22 of this report.

Proprietary Fund The School District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. More specifically, the internal service fund accounts for self insurance of their employee's dental plan. The proprietary fund uses the accrual basis of accounting. The proprietary fund financial statements can be found on pages 23-25 of this report

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary funds financial statements can be found on pages 26-27 of this report.

Notes to the 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 basic financial statements can be found starting on page 28 of this report.

Geneva Area City School District
Ashtabula County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Government-wide Financial Analysis

Recall that the statement of net position provides the perspective of the School District as a whole. A comparative analysis is presented below.

Net Position

	<u>Governmental Activities</u>	
	<u>2021</u>	Restated <u>2020</u>
Assets:		
Current and other assets	\$ 26,552,820	\$ 21,234,336
Net OPEB asset	1,490,389	1,453,129
Capital assets, net of depreciation	<u>58,261,954</u>	<u>59,795,870</u>
Total assets	<u>86,305,163</u>	<u>82,483,335</u>
Deferred outflows of resources:		
Pension	4,420,369	4,367,283
OPEB	<u>648,368</u>	<u>385,144</u>
Total deferred outflows of resources	<u>5,068,737</u>	<u>4,752,427</u>
Liabilities:		
Current liabilities	3,022,097	3,015,962
Long-term liabilities:		
Due within one year	1,262,036	1,234,689
Due in more than one year:		
Net pension liability	25,329,262	23,595,375
Net OPEB liability	1,648,667	1,811,212
Other amounts due in more than one year	<u>11,455,168</u>	<u>12,582,398</u>
Total liabilities	<u>42,717,230</u>	<u>42,239,636</u>
Deferred inflows of resources:		
Property taxes	9,118,353	6,328,561
Pension	1,349,418	2,271,267
OPEB	<u>2,762,246</u>	<u>2,490,081</u>
Total deferred inflows of resources	<u>13,230,017</u>	<u>11,089,909</u>
Net Position:		
Net investment in capital assets	47,275,087	47,828,609
Restricted net position	7,372,996	6,691,933
Unrestricted net position	<u>(19,221,430)</u>	<u>(20,614,325)</u>
Total net position	<u>\$ 35,426,653</u>	<u>\$ 33,906,217</u>

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. During fiscal year 2021, the School District had an increase in net position of \$1,520,436.

A portion of the School District's net position, \$47.3 million, reflects its investment in capital assets (e.g., land, buildings and improvements, land improvements, furniture, fixtures and equipment, and vehicles), less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to 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 the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the School District's net position, \$7.3 million, represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted assets, \$1.7 million, or 23.7%, is restricted for debt service payments; \$3.0 million, or 40.3%, is restricted for capital projects; and \$2.7 million or 36.0%, is restricted for other purposes. The remaining significant balance of government-wide unrestricted net position happens to be a deficit balance of \$(19.2) million.

The net pension liability is the largest single liability reported by the School District at June 30, 2021.

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Geneva Area City School District
Ashtabula County
Management's Discussion and Analysis
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The table below shows the change in net position for fiscal years 2021 and 2020.

Changes in Net Position

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Revenues		
Program revenues:		
Charges for services and sales	\$ 1,987,805	\$ 2,340,690
Operating grants and contributions	4,650,848	3,615,712
Capital grants and contributions	40,481	-
General revenues:		
Property taxes	8,377,264	8,912,053
Income taxes	3,677,158	3,198,274
Grants and entitlements	12,370,024	12,078,178
Investment earnings	24,677	227,073
Payments in lieu of taxes	197,208	197,208
Miscellaneous	7,645	22,236
Gain on sale of capital assets	4,000	38,748
Total revenues	<u>31,337,110</u>	<u>30,630,172</u>
Expenses		
Instruction:		
Regular	12,189,055	11,670,488
Special	5,156,941	5,162,050
Vocational	238,551	204,029
Other	1,789,476	1,589,801
Support services:		
Pupils	1,512,361	1,503,974
Instructional staff	183,035	180,409
Board of education	26,039	17,005
Administration	1,857,021	1,905,628
Fiscal	639,332	681,995
Business	57,862	60,340
Operation and maintenance of plant	2,972,019	2,626,394
Pupil transportation	1,112,978	1,289,301
Central	52,162	76,603
Operation of non-instructional services:		
Food service operations	996,930	1,183,028
Community services	48,486	21,280
Extracurricular activities	689,167	625,511
Fiscal and interest charges	295,259	438,329
Total expenses	<u>29,816,674</u>	<u>29,236,165</u>
Increase (decrease) in net position	1,520,436	1,394,007
Net position at beginning of year	33,906,217	32,397,901
Restatement	-	114,309
Net position at end of year	<u>\$ 35,426,653</u>	<u>\$ 33,906,217</u>

Governmental Activities

Several revenue sources fund our governmental activities with property taxes and State foundation revenues being the largest contributors. Property tax levies generated approximately \$8.4 million in 2021. General revenues from grants and entitlements, such as the school foundation program, generated about \$12.4 million. With the combination of property taxes and intergovernmental funding 66.2% of all revenues, the School District monitors both of these revenue sources very closely for fluctuations.

A review of the above table reflects the total cost of instructional services was \$19,374,023 or 65.0% of governmental program expenses. Instructional expenses include activities directly related to the teaching of pupils and the interaction between teacher and pupil. These expenses increased \$747,655, or 4.0% as compared to the prior year. For fiscal year 2021, all areas of program expenses show a significant increase due to the change in the net pension and net OPEB liabilities.

Pupil services and instructional staff include the activities involved in assisting staff and the content and process of teaching to pupils. These expenses represent \$1,695,396, or 5.7% of the total governmental program expenses. Expenses to provide these programs increased \$11,013 or 0.7%, as compared to fiscal year 2020.

Board of education, administration, fiscal and business classifications reflect expenses associated with establishing and administering school operation policies, financial operations and activities concerned with purchasing, receiving and maintaining goods and services for the School District. The total cost to provide these programs was \$2,580,254, or 8.7% of governmental program expenses. Costs of these programs decreased \$84,714 or 3.2%, as compared to the prior year.

Operation and maintenance of plant expenses refer to the care and upkeep of the buildings, grounds, equipment and the safety of the School District's operations. The total cost for the operation and maintenance services was \$2,972,019, or 10.0% of the governmental program expenses. These expenses increased \$345,625, or 13.2% as compared to fiscal year 2020. Expenses of this program increased as costs associated with non-capital related building and construction costs decreased.

Pupil transportation expenses are expenses related to the transportation of students to and from school, as well as the service and maintenance of those vehicles. Total transportation cost was \$1,112,978 or 3.7% of the total governmental program expenses. Expenses for providing this program decreased \$176,323, or 13.7% as compared to the prior year. The primary cause of this decrease was due to decreases in busing related expenses.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services.

Geneva Area City School District

Ashtabula County

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

Unaudited

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

	<u>2021</u>	<u>2020</u>
Deferred outflows - pension	\$ 4,420,369	\$ 4,367,283
Deferred outflows - OPEB	648,368	385,144
Deferred inflows - pension	(1,349,418)	(2,271,267)
Deferred inflows - OPEB	(2,762,246)	(2,490,081)
Net pension liability	(25,329,262)	(23,595,375)
Net OPEB liability	(1,648,667)	(1,811,212)
Net OPEB asset	1,490,689	1,453,129
Impact of GASB 68 and GASB 75 on net position	<u>\$ (24,530,167)</u>	<u>\$ (23,962,379)</u>

Financial Analysis of the Government's Funds

The School District's Funds

The School District's governmental funds are accounted for using the modified accrual basis of accounting. The total revenues and other financing sources for governmental funds were \$31,691,551 and total expenditures and other financing uses were \$29,090,078. The net change in fund balance was significant in the general fund with an increase of \$1,965,708.

Fund Balances

	Fund Balance <u>June 30, 2021</u>	Fund Balance <u>June 30, 2020</u>	Increase/ <u>(Decrease)</u>	Percent <u>Change</u>
General	\$ 5,750,751	\$ 3,785,043	\$ 1,965,708	51.93%
Bond retirement	1,703,661	1,732,872	(29,211)	(1.69%)
Permanent improvement	915,127	1,067,943	(152,816)	(14.31%)
Building	2,049,151	2,049,151	-	0.00%
Other governmental	<u>2,514,408</u>	<u>1,696,616</u>	<u>817,792</u>	48.20%
Total	<u>\$ 12,933,098</u>	<u>\$ 10,331,625</u>	<u>\$ 2,601,473</u>	

Geneva Area City School District

Ashtabula County

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

Unaudited

The School District's general fund revenues increased \$392,469 and expenditures also increased \$174,798 from 2020. The most significant change for revenues was an increase of \$821,365 in proceeds from the income tax levy that was passed May 2018. The decrease in property tax is due to varying amounts available as an advance each year that is recognized as revenue. Total expenditures increased mainly in the area of instruction related to increased costs associated with the teaching of pupils and the interaction between teacher and pupil.

Change in Financial Activities for the General Fund

	2021	2020	Increase/ (Decrease)	Percent Change
	<u>Amount</u>	<u>Amount</u>		
<u>Revenues</u>				
Property taxes	\$ 7,005,906	\$ 7,409,806	(403,900)	(5.45%)
Income taxes	3,709,344	2,887,979	821,365	28.44%
Intergovernmental	12,681,498	12,407,964	273,534	2.20%
Interest	14,325	203,151	(188,826)	(92.95%)
Tuition and fees	1,766,134	1,873,529	(107,395)	(5.73%)
Extracurricular activities	86,190	73,640	12,550	17.04%
Gifts and donations	6,795	20,370	(13,575)	(66.64%)
Customer sales and service	713	997	(284)	(28.49%)
Rent	5,400	5,384	16	0.30%
Payment in lieu of taxes	197,208	197,208	-	0.00%
Miscellaneous	<u>850</u>	<u>1,866</u>	<u>(1,016)</u>	<u>(54.45%)</u>
Total	<u>\$ 25,474,363</u>	<u>\$ 25,081,894</u>	<u>\$ 392,469</u>	
<u>Expenditures:</u>				
Instruction	\$ 16,040,191	\$ 15,496,855	\$ 543,336	3.51%
Support services	6,843,480	7,114,876	(271,396)	(3.81%)
Non-instructional services	33,013	28,921	4,092	14.15%
Extracurricular activities	443,428	420,561	22,867	5.44%
Capital outlay	<u>7,864</u>	<u>131,965</u>	<u>(124,101)</u>	<u>(94.04%)</u>
Total	<u>\$ 23,367,976</u>	<u>\$ 23,193,178</u>	<u>\$ 174,798</u>	

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund. During fiscal year 2021, the School District amended its general fund budget as expenditure priorities changed according to student, building and operational needs. Budget revisions are presented to the Board of Education for approval.

Geneva Area City School District
Ashtabula County
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2021
Unaudited

For the general fund, the final budget basis revenue and other financing source estimate was \$25,849,761, representing an increase from the original budget and other financing source estimate of \$24,521,025. This \$1,328,736 difference was mainly due to an increase in property taxes and intergovernmental revenue from the original estimates. Actual receipts and other financing sources of \$25,847,733 were very close to the final budget basis revenue estimate.

The original expenditures and other financing use estimate for the fiscal year were \$24,997,881. The final expenditures and other financing use estimate of \$25,210,338 was \$212,457 more than what was originally anticipated. Actual expenditures plus encumbrances and other financing uses of \$24,247,160 reported significant variances as compared to the final expenditure budgets. The School District ended the year at just below \$1.0 million under budget. Reductions of certified, classified and administrative personnel contributed to this significant decrease in expenditures as compared to the final budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the School District had \$58,261,954 invested in various capitalized assets, net of depreciation. The table below shows fiscal year 2021 balances compared to fiscal year 2020.

Capital Assets, at Fiscal Year End
 (Net of depreciation)

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Land	\$ 1,553,640	\$ 1,553,640
Land improvements	561,951	631,111
Buildings and improvements	54,895,668	56,331,382
Furniture, fixtures and equipment	604,861	671,670
Vehicles	645,834	608,067
Total capital assets	<u>\$ 58,261,954</u>	<u>\$ 59,795,870</u>

Capital assets decreased \$1,533,916 from 2020, due mainly from current year depreciation. See Note 7 to the basic financial statements for detail on the School District's capital assets.

Debt

At June 30, 2021, the School District had \$10,986,967 in general obligation bonds outstanding including premium. Of this total, \$1,020,000 is due within one year and \$9,966,967 is due in more than one year. The following table summarizes the bonds outstanding.

Geneva Area City School District
Ashtabula County
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2021
Unaudited

Outstanding Debt at Fiscal Year End

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
General obligation bonds:		
School improvement/refunding	\$ 10,986,967	\$ 11,967,261

Additional information on the School District's long-term debt can be found in Note 14 of the basic financial statements.

Current Financial Related Activities

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

Due to the unsettled issues in school funding, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years.

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

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 Kevin Lillie, Treasurer at Geneva Area City School District, 135 South Eagle Street, Geneva, Ohio 44041.

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Geneva Area City School District

Statement of Net Position

June 30, 2021

	Governmental Activities
	<hr/>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 12,830,178
Cash and cash equivalents:	
In segregated accounts	216,056
With fiscal agents	15,000
Receivables:	
Property taxes	10,961,949
Income taxes	1,368,276
Accounts	516,942
Intergovernmental	503,842
Accrued interest	17,807
Prepaid items	69,079
Inventory held for resale	24,195
Materials and supplies inventory	29,496
Net OPEB asset	1,490,389
Capital assets:	
Land	1,553,640
Depreciable capital assets	79,079,894
Accumulated depreciation	(22,371,580)
Total capital assets	<hr/> 58,261,954
Total assets	<hr/> 86,305,163
<u>Deferred outflows of resources:</u>	
Pension	4,420,369
OPEB	648,368
Total deferred outflows of resources	<hr/> 5,068,737
<u>Liabilities:</u>	
Accounts payable	387,990
Accrued wages and benefits	2,151,887
Intergovernmental payable	405,572
Accrued interest payable	26,200
Matured bonds payable	15,000
Claims payable	10,600
Undistributed monies	24,848
Long-term liabilities:	
Due within one year	1,262,036
Due in more than one year:	
Net pension liability	25,329,262
Net OPEB liability	1,648,667
Other amounts due in more than one year	11,455,168
Total liabilities	<hr/> 42,717,230
<u>Deferred inflows of resources:</u>	
Property taxes	9,118,353
Pension	1,349,418
OPEB	2,762,246
Total deferred inflows of resources	<hr/> 13,230,017
<u>Net position:</u>	
Net investment in capital assets	47,275,087
Restricted for:	
Capital projects	2,974,672
Debt service	1,746,740
Other purposes	2,651,584
Unrestricted	(19,221,430)
Total net position	<hr/> <hr/> \$ 35,426,653

Geneva Area City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Program Revenues			Governmental Activities	Net (Expense) Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions		
Governmental Activities:					
Instruction:					
Regular	\$ 12,189,055	\$ 1,310,011	\$ 1,084,339	\$ -	\$ (9,794,705)
Special	5,156,941	434,834	1,098,148	-	(3,623,959)
Vocational	238,551	-	195,914	-	(42,637)
Other	1,789,476	-	18,287	-	(1,771,189)
Support services:					
Pupils	1,512,361	-	576,384	-	(935,977)
Instructional staff	183,035	-	62,145	-	(120,890)
Board of education	26,039	-	-	-	(26,039)
Administration	1,857,021	-	110,069	-	(1,746,952)
Fiscal	639,332	-	26,287	-	(613,045)
Business	57,862	-	-	-	(57,862)
Operation and maintenance of plant	2,972,019	5,400	500,954	-	(2,465,665)
Pupil transportation	1,112,978	-	11,090	40,481	(1,061,407)
Central	52,162	-	-	-	(52,162)
Operation of non-instructional services:					
Food service operations	996,930	17,772	936,853	-	(42,305)
Community services	48,486	-	5,806	-	(42,680)
Extracurricular activities	689,167	219,788	24,572	-	(444,807)
Interest and fiscal charges	295,259	-	-	-	(295,259)
Total governmental activities	\$ 29,816,674	\$ 1,987,805	\$ 4,650,848	\$ 40,481	(23,137,540)

General Revenues:

Property taxes levied for:		
General purposes		\$ 6,937,841
Debt service		1,120,969
Capital outlay and maintenance		318,454
Income taxes levied for:		
General purposes		3,677,158
Grants and entitlements not restricted to specific programs		12,370,024
Investment earnings		24,677
Payment in lieu of taxes		197,208
Miscellaneous		7,645
Gain on sale of capital assets		4,000
Total general revenues		24,657,976
Change in net position		1,520,436
Net position beginning of year, as restated		33,906,217
Net position end of year		\$ 35,426,653

See accompanying notes to the basic financial statements.

Geneva Area City School District
Balance Sheet
Governmental Funds
June 30, 2021

	General	Bond Retirement	Permanent Improvement	Building	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>						
Equity in pooled cash and cash equivalents	\$ 5,866,449	\$ 1,515,057	\$ 901,946	\$ 2,049,151	\$ 2,374,385	\$ 12,706,988
Cash and cash equivalents:						
With fiscal agent	-	15,000	-	-	-	15,000
In segregated accounts	-	-	-	-	216,056	216,056
Receivables:						
Property taxes	9,049,534	1,494,183	226,581	-	191,651	10,961,949
Income taxes	1,368,276	-	-	-	-	1,368,276
Accounts	516,262	-	-	-	680	516,942
Intergovernmental	-	-	-	-	503,842	503,842
Interfund	251,269	-	-	-	-	251,269
Accrued interest	17,769	-	-	-	38	17,807
Inventory held for resale	-	-	-	-	24,195	24,195
Materials and supplies inventory	29,496	-	-	-	-	29,496
Prepaid items	65,928	-	-	-	3,151	69,079
Total assets	<u>\$ 17,164,983</u>	<u>\$ 3,024,240</u>	<u>\$ 1,128,527</u>	<u>\$ 2,049,151</u>	<u>\$ 3,313,998</u>	<u>\$ 26,680,899</u>
<u>Liabilities:</u>						
Accounts payable	\$ 346,658	\$ 2,850	\$ 14,900	\$ -	\$ 23,582	\$ 387,990
Accrued wages and benefits	1,963,464	-	-	-	188,423	2,151,887
Interfund payable	-	-	-	-	251,269	251,269
Intergovernmental payable	360,827	-	-	-	44,745	405,572
Matured bonds payable	-	15,000	-	-	-	15,000
Undistributed monies	24,848	-	-	-	-	24,848
Total liabilities	<u>2,695,797</u>	<u>17,850</u>	<u>14,900</u>	<u>-</u>	<u>508,019</u>	<u>3,236,566</u>
<u>Deferred inflows of resources:</u>						
Property taxes	7,538,330	1,233,450	188,106	-	158,467	9,118,353
Unavailable revenue - delinquent property taxes	406,579	69,279	10,394	-	8,900	495,152
Unavailable revenue	773,526	-	-	-	124,204	897,730
Total deferred inflows of resources	<u>8,718,435</u>	<u>1,302,729</u>	<u>198,500</u>	<u>-</u>	<u>291,571</u>	<u>10,511,235</u>
<u>Fund balances:</u>						
Nonspendable	95,424	-	-	-	48,619	144,043
Restricted	-	1,703,661	915,127	2,049,151	2,551,045	7,218,984
Committed	22,000	-	-	-	-	22,000
Assigned	510,995	-	-	-	-	510,995
Unassigned (deficit)	5,122,332	-	-	-	(85,256)	5,037,076
Total fund balances	<u>5,750,751</u>	<u>1,703,661</u>	<u>915,127</u>	<u>2,049,151</u>	<u>2,514,408</u>	<u>12,933,098</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 17,164,983</u>	<u>\$ 3,024,240</u>	<u>\$ 1,128,527</u>	<u>\$ 2,049,151</u>	<u>\$ 3,313,998</u>	<u>\$ 26,680,899</u>

See accompanying notes to the basic financial statements.

Geneva Area City School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2021

Total governmental fund balances		\$ 12,933,098
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		58,261,954
Other long-term assets that are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:		
Property taxes receivable	\$ 495,152	
Income taxes receivable	278,109	
Intergovernmental receivable	124,204	
Tuition and fees	495,417	
Total	1,392,882	1,392,882
An 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 the governmental activities in the statement of net position.		112,590
The net pension and net OPEB liability are not due and payable in the current period; the net OPEB asset is not a financial resource; therefore, the asset, liability and related deferred inflows/outflows are not reported in the funds:		
Deferred outflows - pension	4,420,369	
Deferred inflows - pension	(1,349,418)	
Net pension liability	(25,329,262)	
Deferred outflows - OPEB	648,368	
Deferred inflows - OPEB	(2,762,246)	
Net OPEB liability	(1,648,667)	
Net OPEB asset	1,490,389	
Total	(24,530,467)	(24,530,467)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(26,200)
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	(10,820,000)	
Premium on bonds	(166,967)	
Compensated absences	(1,730,237)	
Total	(12,717,204)	(12,717,204)
Net position of governmental activities		\$ 35,426,653

See accompanying notes to the basic financial statements.

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

	General	Bond Retirement	Permanent Improvement	Building	Other Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 7,005,906	\$ 1,128,613	\$ 175,140	\$ -	\$ 147,029	\$ 8,456,688
Income taxes	3,709,344	-	-	-	-	3,709,344
Intergovernmental	12,681,498	143,047	21,561	-	4,133,295	16,979,401
Interest	14,325	-	7,699	-	3,631	25,655
Tuition and fees	1,766,134	-	-	-	-	1,766,134
Extracurricular activities	86,190	-	-	-	133,598	219,788
Gifts and donations	6,795	-	-	-	38,735	45,530
Customer sales and service	713	-	-	-	17,772	18,485
Rent	5,400	-	-	-	-	5,400
Payment in lieu of taxes	197,208	-	-	-	-	197,208
Miscellaneous	850	-	-	-	-	850
Total revenues	25,474,363	1,271,660	204,400	-	4,474,060	31,424,483
Expenditures:						
Current:						
Instruction:						
Regular	10,201,082	-	-	-	513,912	10,714,994
Special	3,851,756	-	-	-	1,185,021	5,036,777
Vocational	208,995	-	-	-	-	208,995
Other	1,778,358	-	-	-	10,591	1,788,949
Support services:						
Pupils	1,365,229	-	-	-	114,812	1,480,041
Instructional staff	110,218	-	-	-	28,399	138,617
Board of education	26,092	-	-	-	-	26,092
Administration	1,651,502	-	-	-	119,794	1,771,296
Fiscal	605,213	23,717	3,699	-	25,610	658,239
Business	57,287	-	-	-	-	57,287
Operation and maintenance of plant	1,994,068	-	212,857	-	494,114	2,701,039
Pupil transportation	981,709	-	-	-	157	981,866
Central	52,162	-	-	-	-	52,162
Operation of non-instructional services:						
Food service operations	33,013	-	-	-	994,392	1,027,405
Community services	-	-	-	-	48,441	48,441
Extracurricular activities	443,428	-	-	-	212,454	655,882
Capital outlay	7,864	-	144,660	-	49,250	201,774
Debt service:						
Principal retirement	-	950,000	-	-	-	950,000
Interest and fiscal charges	-	327,154	-	-	-	327,154
Total expenditures	23,367,976	1,300,871	361,216	-	3,796,947	28,827,010
Excess of revenues over (under) expenditures	2,106,387	(29,211)	(156,816)	-	677,113	2,597,473
Other financing sources (uses):						
Proceeds from sale of capital assets	-	-	4,000	-	-	4,000
Transfers in	-	-	-	-	263,068	263,068
Transfers out	(140,679)	-	-	-	(122,389)	(263,068)
Total other financing sources (uses)	(140,679)	-	4,000	-	140,679	4,000
Net change in fund balances	1,965,708	(29,211)	(152,816)	-	817,792	2,601,473
Fund balances beginning of year, as restated	3,785,043	1,732,872	1,067,943	2,049,151	1,696,616	10,331,625
Fund balances end of year	\$ 5,750,751	\$ 1,703,661	\$ 915,127	\$ 2,049,151	\$ 2,514,408	\$ 12,933,098

See accompanying notes to the basic financial statements.

Geneva Area 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, 2021

Net change in fund balances - total governmental funds \$ 2,601,473

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 capital assets is allocated over their estimated useful lives as depreciation expense.

In the current period, these amounts are:

Capital asset additions	\$ 201,774	
Depreciation expense	(1,735,690)	
Excess of depreciation expense over capital asset additions and capital contributions		(1,533,916)

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

Property taxes	(79,424)	
Income taxes	(32,186)	
Intergovernmental	42,239	
Tuition and fees	(22,002)	
Net change in deferred inflows of resources during the year		(91,373)

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

Pension		1,841,599
OPEB		50,728

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

Pension		(2,600,551)
OPEB		140,136

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

950,000

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in compensated absences	119,589	
Amortization of premium	30,294	
Decrease in accrued interest	1,601	
Total additional expenses		151,484

The internal service fund used by management to charge the costs of dental claims to individual funds is not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated.

10,856

Change in net position of governmental activities \$ 1,520,436

See accompanying notes to the basic financial statements.

Geneva Area 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, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Property taxes	\$ 6,962,205	\$ 7,389,305	\$ 7,389,305	\$ -
Income taxes	3,388,812	3,477,623	3,477,623	-
Intergovernmental	11,874,755	12,469,989	12,469,989	-
Interest	76,750	89,098	87,005	(2,093)
Tuition and fees	1,866,280	1,765,820	1,765,820	-
Extracurricular activities	95,000	85,740	85,890	150
Gifts and donations	1,000	6,795	6,795	-
Customer sales and service	1,115	774	689	(85)
Rent	6,000	5,400	5,400	-
Payment in lieu of taxes	197,208	197,208	197,208	-
Miscellaneous	1,900	850	850	-
Total revenues	24,471,025	25,488,602	25,486,574	(2,028)
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	10,488,126	10,583,503	10,484,463	99,040
Special	4,087,074	4,087,074	3,935,702	151,372
Vocational	236,800	238,700	209,754	28,946
Other	1,617,840	1,789,720	1,789,269	451
Support services:				
Pupils	1,593,085	1,591,085	1,437,723	153,362
Instructional staff	139,517	123,217	111,147	12,070
Board of education	30,250	30,250	26,142	4,108
Administration	1,832,334	1,832,334	1,719,424	112,910
Fiscal	639,121	644,121	624,062	20,059
Business	61,800	61,800	59,106	2,694
Operation and maintenance of plant	2,281,771	2,284,971	2,125,844	159,127
Pupil transportation	1,226,916	1,085,916	1,036,159	49,757
Central	66,075	59,075	53,817	5,258
Operation of non-instructional services:				
Food service operations	32,900	33,900	33,429	471
Extracurricular activities	472,772	475,172	450,190	24,982
Capital outlay	41,500	21,500	10,250	11,250
Total expenditures	24,847,881	24,942,338	24,106,481	835,857
Excess of revenues under expenditures	(376,856)	546,264	1,380,093	833,829
<u>Other financing sources (uses):</u>				
Proceeds from the sale of capital assets	10,000	1,445	1,445	-
Refund of prior year expenditures	40,000	359,714	359,714	-
Transfers out	(150,000)	(268,000)	(140,679)	127,321
Total other financing sources (uses)	(100,000)	93,159	220,480	127,321
Net change in fund balance	(476,856)	639,423	1,600,573	961,150
Fund balance at beginning of year	3,462,577	3,462,577	3,462,577	-
Prior year encumbrances appropriated	416,131	416,131	416,131	-
Fund balance at end of year	\$ 3,401,852	\$ 4,518,131	\$ 5,479,281	\$ 961,150

See accompanying notes to the basic financial statements.

Geneva Area City School District
Statement of Fund Net Position
Internal Service Fund
June 30, 2021

	Self Insurance
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 123,190
<u>Liabilities:</u>	
Claims payable	10,600
<u>Net position:</u>	
Unrestricted	112,590
Total liabilities and net position	\$ 123,190

See accompanying notes to the basic financial statements.

Geneva Area City School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Fund
For the Fiscal Year Ended June 30, 2021

	Self Insurance
<u>Operating revenues</u>	
Charges for services	\$ 227,485
<u>Operating expenses:</u>	
Purchased services	15,729
Claims	200,900
Total operating expenses	216,629
Operating income	10,856
Net position at beginning of year	101,734
Net position at end of year	\$ 112,590

See accompanying notes to the basic financial statements.

Geneva Area City School District
Statement of Cash Flows
Internal Service Fund
For the Fiscal Year Ended June 30, 2021

	Self Insurance
<u>Cash flows from operating activities:</u>	
Cash received for charges for services	\$ 227,485
Cash payments to suppliers for goods and services	(202,500)
Cash payments for claims	(15,729)
Net cash used for operating activities	<u>9,256</u>
Net decrease in cash and cash equivalents	9,256
Cash and cash equivalents at beginning of year	<u>113,934</u>
Cash and cash equivalents at end of year	<u><u>\$ 123,190</u></u>
Reconciliation of operating loss to net cash <u>used for operating activities:</u>	
Operating income	<u>\$ 10,856</u>
Adjustments to reconcile operating income to net cash used for operating activities:	
Change in liabilities:	
Increase (decrease) in liabilities:	
Claims payable	<u>(1,600)</u>
Total adjustments	<u>(1,600)</u>
Net cash used for operating activities	<u><u>\$ 9,256</u></u>

See accompanying notes to the basic financial statements.

Geneva Area City School District
Statement of Fiduciary Net Position
Custodial Fund
June 30, 2021

	<u>Custodial</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	<u>\$ 1,778</u>
<u>Liabilities:</u>	
Undistributed monies	<u>\$ 1,778</u>

See accompanying notes to the basic financial statements.

Geneva Area City School District
Statement of Changes in Fiduciary Net Position
Custodial Fund
For the Fiscal Year Ended June 30, 2021

	Custodial
<u>Additions:</u>	
Collections on behalf of OHSAA	\$ 4,400
<u>Deductions:</u>	
Distributions on behalf of OHSAA	4,400
Change in net position	-
Net position beginning of year	-
Net position end of year	\$ -

See accompanying notes to the basic financial statements.

Geneva Area City School District
Ashtabula County

Notes to the Basic Financial Statements
For the Year Ended June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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 district as defined by Section 3311.02 of the Ohio Revised Code. The School District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the School District.

Average daily membership (ADM) as of June 30, 2021, was 2,389. The School District employed 158 certificated employees and 97 non-certificated employees.

The School District provides regular, special, vocational and other instruction. The School District also provides support services for pupils, instructional staff, board of education, administration, fiscal, operation and maintenance of plant and pupil transportation. Operation of non-instructional services, extracurricular activities and non-programmed services are also provided.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization or (c) is obligated in some manner for the debt of the organization.

The Ashtabula County District Library (the Library) is a library created under Chapter 3375 of the Ohio Revised Code (ORC) and is located in the Geneva Area City School District. The Board of Trustees of the Library controls and manages the Library and issues its own financial statements, therefore, is excluded from these financial statements.

Geneva Area City School District

Ashtabula County

Notes to the Basic Financial Statements

For the Year Ended June 30, 2021

The School District is associated with organizations which are defined as jointly governed organizations. These organizations are the Northeast Ohio Management Information Network, the Ashtabula County Schools Council of Governments, and the Ashtabula County Technical and Career Center which are presented in Note 15 to the basic financial statements.

Within the School District boundaries is a non-public school, the Grand River Academy. Current State legislation provides funding to this school. These monies are now sent directly to the non-public school due to recent changes in State guidelines.

Management believes the financial statements included in this report represent all of the funds of the School District over which the Board of Education is financially accountable.

B. Fund Accounting

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

For financial statement presentation purposes, the various funds of the School District are grouped into three categories: governmental, proprietary and fiduciary.

Governmental Fund Types Governmental funds are those through which most governmental functions typically are financed. Governmental fund types are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of “available spendable resources” during the period. The School District reports four major governmental funds as described below:

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

Bond Retirement Fund – This debt service fund is used to account for the financial resources, such as property taxes, collected and used for the repayment of debt of the School District.

Permanent Improvement Fund – This capital projects fund is used to account for all transactions related to acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705.

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For the Year Ended June 30, 2021

Building Fund – This capital projects fund is used to account for all special bond funds in the district. All proceeds from the sale of bonds, except premium and accrued interest, must be paid into this fund. In addition, this fund received a portion of Ohio Schools Facilities funding. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

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 Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service; the School District has no enterprise funds.

Internal Service Fund – The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District’s only internal service fund accounts for revenue received from other funds and the settlement of expenses for dental claims of School District employees.

Fiduciary Fund Types Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust, investment trust, private purpose trust and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District’s own programs. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District’s only custodial fund is used to account for money temporarily held for Ohio High School Athletic Association (OHSAA) tournaments.

C. Basis of Presentation

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

The government-wide statements are prepared using the economic resources measurement focus. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

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

Fund Financial Statements The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current liabilities and deferred outflows and inflows of resources, and statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financial uses) of current financial resources.

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

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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 year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the fiscal year in which the income is earned and revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and other postemployment benefits (OPEB). The deferred outflows of resources related to pension and OPEB are explained in Notes 10 and 11.

In addition to liabilities, the statement of net position reports 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 and unavailable revenues. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance year 2022 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported 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, income taxes, and intergovernmental grants. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position.

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Notes to the Basic Financial Statements
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E. Budget and Budgetary Accounting

The budgetary process is prescribed by provisions of Ohio Revised Code and entails the preparation of budgetary documents with an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each function for the general fund and at the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

- 1) A Tax Budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20th of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at either its regular board meeting in December or its organizational board meeting in January. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.
- 2) The County Budget Commission certifies its actions to the School District by March 1st. As part of this certification, the School District receives the Official Certificate of Estimated Resources which states the projected receipts of each fund. During the month of July, this Certificate is amended to include any unencumbered balances from the preceding fiscal year.
- 3) An annual appropriation measure must be passed by the Board of Education by October 1st of each year for the period July 1st to June 30th. Unencumbered appropriations lapse at year-end and the encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Board of Education usually adopts temporary appropriations at its regular board meeting in June. The Annual Appropriation Resolution is usually adopted at the September regular board meeting. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the legal level of control.
- 4) The School District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations for the general fund are presented in the "Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget (Non-GAAP Basis) and Actual - General Fund" to provide a meaningful comparison of actual results with the budget.

Encumbrances - As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

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

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Notes to the Basic Financial Statements
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F. Cash and Investments

Cash received by the School District is pooled in various bank accounts with individual fund balance integrity maintained throughout. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents." Also, the School District maintains segregated accounts for the district managed activity and student managed activity funds, which is presented as "Cash and cash equivalents in segregated accounts."

The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. This account's balance is presented in the account "Cash and cash equivalents with fiscal agents".

During the fiscal year all investments were limited to certificates of deposit and instruments of government sponsored mortgage-backed securities. Except for nonparticipating investments contracts, investments are reported at fair market value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and negotiable certificates of deposits are reported at cost.

G. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are imposed by creditors, contributors, grantors, laws of other governments, or enabling legislation. The School District expended all restricted assets in accordance with specific restrictions during the fiscal year. See Note 17 for the calculation of the year-end restricted asset balance and the corresponding fund balance restriction.

H. Inventories

Inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. Inventories are determined by physical count. Inventory in governmental funds consists of donated food, purchased food, and expendable supplies held for consumption. The cost of the governmental fund type inventories is recorded as expenditures when used (consumption method).

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

J. Taxes Receivable

The financial statements reflect taxes receivable as of June 30, 2021. GAAP permits the recognition of revenue from any property tax assessment in the fiscal period levied, provided the funds are "available." "Available" means then due or past due and receivable within the current period or expected to be collected soon thereafter. While these taxes have been assessed, the majority are not due at June 30, 2021 and accordingly have been recorded as deferred inflows of resources – property taxes in the accompanying financial statements. Taxes that become delinquent remain recorded in deferred inflows of resources – delinquent property taxes until they are determined to be uncollectible.

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Notes to the Basic Financial Statements

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K. Capital Assets

Capital assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related 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. The School District maintains a capitalization threshold of five thousand dollars.

All purchased capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets are valued at their estimated acquisition value on the date received. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	30-50 years
Furniture	20 years
Equipment	10-20 years
Fixtures	15 years
Vehicles	10 years

L. Interfund Balances

On the 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.

M. Interfund Activity

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

N. Pension and other postemployment benefits (OPEB)

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

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

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

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

O. Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments. The entire compensated absences liability is reported on the government-wide financial statements.

The current portion of unpaid compensated absence, which expected to be paid using the available expendable resources, is reported on the governmental funds financial statements. The amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The non-current portion of the liability is not reported in this statement.

P. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due.

Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Q. Fund Balance

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

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

Restricted fund balance category includes amounts that can be spent only for the specific purpose stipulated by constitution, external resource providers, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

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

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For the Year Ended June 30, 2021

Assigned fund balance classifications 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. The purpose constraint that represents the intended use is established by the Board of Education or by their designated official. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District. The Treasurer is authorized to assign fund balance using encumbrances for planned purchases, provided such amounts have been lawfully appropriated. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

R. Net Position

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

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

S. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund.

T. Estimates

The preparation of the 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.

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Notes to the Basic Financial Statements

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NOTE 2 – FUND BALANCES

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

Fund Balances	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Nonspendable</u>						
Materials and supplies inventory	\$ 29,496	\$ -	\$ -	\$ -	\$ -	\$ 29,496
Prepays	65,928	-	-	-	3,151	69,079
Permanent fund principal	-	-	-	-	45,468	45,468
Total nonspendable	<u>95,424</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,619</u>	<u>144,043</u>
<u>Restricted for</u>						
Various student activities	-	-	-	-	212,085	212,085
Prevention education	-	-	-	-	3,841	3,841
Emergency relief	-	-	-	-	1,871	1,871
Classroom facilities maintenance	-	-	-	-	319,474	319,474
Capital improvements	-	-	915,127	2,049,151	-	2,964,278
Instructional programs	-	-	-	-	24,386	24,386
Extended learning	-	-	-	-	16,303	16,303
Special education	-	-	-	-	441,966	441,966
Student wellness	-	-	-	-	1,503,137	1,503,137
Scholarships and awards	-	-	-	-	27,982	27,982
Debt service payments	-	1,703,661	-	-	-	1,703,661
Total restricted	<u>-</u>	<u>1,703,661</u>	<u>915,127</u>	<u>2,049,151</u>	<u>2,551,045</u>	<u>7,218,984</u>
<u>Committed</u>						
Underground storage tanks	<u>22,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,000</u>
<u>Assigned</u>						
Encumbrances	<u>510,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>510,995</u>
Unassigned (deficit)	<u>5,122,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(85,256)</u>	<u>5,037,076</u>
Total fund balances	<u>\$ 5,750,751</u>	<u>\$ 1,703,661</u>	<u>\$ 915,127</u>	<u>\$ 2,049,151</u>	<u>\$ 2,514,408</u>	<u>\$ 12,933,098</u>

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Notes to the Basic Financial Statements

For the Year Ended June 30, 2021

NOTE 3 – BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of 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 Balances –Budget (Non-GAAP Budget Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are:

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

The following tables summarize the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund:

Net Change in Fund Balance	
	<u>General</u>
GAAP basis	\$ 1,965,708
Revenue accruals	319,432
Adjustment to fair market value for investments:	
Prior year amount	57,773
Current year amount	(3,521)
Expenditure accruals	(152,621)
Budgeted as part of special revenue fund:	
Revenues	(314)
Encumbrances (Budget Basis)	
outstanding at year end	<u>(585,884)</u>
Budget basis	<u>\$ 1,600,573</u>

Geneva Area City School District
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NOTE 4 – CASH AND INVESTMENTS

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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 public deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing within five years from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the School District and the investment is not a commercial paper note, a banker's acceptance or a repurchase agreement:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States.
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio or its political subdivisions provided that such political subdivisions are located wholly or partly within the School District.
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) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAR Ohio).
8. Commercial paper notes, limited to 40% (5% for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed two hundred seventy days; and

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9. Bankers acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days.

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) or by eligible securities pledged by the financial institution as security for repayment.

Cash on hand

At fiscal year-end, the School District had \$3,295 in undeposited cash on hand which is included as part of "equity in pooled cash and cash equivalents."

Deposits

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

The School District's financial institutions participate in the OPCS and one was approved for a reduced collateral floor of 50 percent. As of June 30, the carrying amount of the School District's deposits were \$7,649,196, and their total bank balance of \$8,256,693 was not exposed to custodial credit risk because those deposits were uninsured and uncollateralized.

The School District has no deposit policy for custodial risk beyond the requirements of State statute.

Investments

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

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<u>Investment Type</u>	<u>Investment Maturities</u>				<u>Percentage of Investments</u>
	<u>Fair Value</u>	<u>Less than 1 Year</u>	<u>1 - 2 Years</u>	<u>More Than 2 Years</u>	
Federal Home Loan Bank	\$ 2,387,118	\$ 398,124	\$ -	\$ 1,988,994	44.11%
Federal Home Loan Mortgage Corp.	596,520	-	-	596,520	11.03%
Federal Farm Credit Bank	395,986	-	-	395,986	7.32%
Negotiable CDs	2,030,897	968,205	-	1,062,692	37.54%
Total investments	<u>\$ 5,410,521</u>	<u>\$ 1,366,329</u>	<u>\$ -</u>	<u>\$ 4,044,192</u>	<u>100.00%</u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above tables identify the School District’s recurring fair value measurement as of June 30, 2021. All of the School District’s investments measured at fair value are valued using Level 1 and Level 2 inputs.

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The securities, held by the counterparty and not in the School District’s name, are Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), and Federal Home Loan Mortgage Corporation (FHLMC). All of the School District’s negotiable certificates of deposit are registered securities and covered in full by FDIC insurance. The School District’s policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

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

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. The School District’s investment policy requires certain credit ratings for some investments as allowed by state law. Standard and Poor’s has assigned the Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Corporation (FHLMC), and Federal Home Loan Bank (FHLB) securities an AA+ rating.

Concentration of credit risk is the possibility of loss attributed to the magnitude of the School District’s investment in a single issuer. More than 5 percent of the School District’s investments are in FHLB, FFCB and FHLMC. The School District places no limit on the amount that may be invested in any one issuer. The investments in negotiable CD’s are all individually below the 5 percent. The table above is the School District’s allocation as of June 30, 2021.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. For the School District, all investment earnings accrue to the general fund, certain special revenue funds, certain capital projects funds, and the private purpose trust fund as authorized by board resolution. Interest revenue credited to the general fund during the fiscal year amounted to \$14,325; which includes interest of \$2,000 assigned from other School District funds.

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NOTE 5 – PROPERTY TAX

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used for public utilities) located in the School District. Real property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid 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 revenue received in calendar 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020 and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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The School District receives property taxes from Ashtabula County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 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, 2021 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

At June 30, 2021, taxes available for advance were: \$1,104,625 for the general fund, \$191,454 for the bond retirement debt service fund; \$28,081 for the permanent improvement capital projects fund, and \$24,284 for the classroom facilities maintenance special revenue fund. On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2021 taxes were collected are:

<u>Property Category</u>	<u>2021 Assessed Value</u>	<u>2020 Assessed Value</u>
<u>Real Property</u>		
Residential, agricultural, commercial and industrial	\$ 370,113,450	\$ 344,077,650
Public utilities	153,940	147,230
<u>Tangible Personal Property</u>		
General	<u>14,459,080</u>	<u>13,704,770</u>
Total	<u>\$ 384,726,470</u>	<u>\$ 357,929,650</u>

NOTE 6 - INCOME TAXES

The School District levies a voted tax of 1.25 percent for general operations on the earned income of residents and of estates. The earned income tax was passed in 2018 and went into effect January 1, 2019. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

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NOTE 7 – CAPITAL ASSETS

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

<u>Governmental Activities</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
Capital assets, not being depreciated:				
Land	\$ 1,553,640	\$ -	\$ -	\$ 1,553,640
Capital assets, being depreciated:				
Land improvements	2,914,802	-	-	2,914,802
Buildings and improvements	71,854,878	-	-	71,854,878
Furniture, fixtures and equipment	1,895,739	30,633	-	1,926,372
Vehicles	2,361,233	171,141	\$ (148,532)	2,383,842
Total capital assets, being depreciated	<u>79,026,652</u>	<u>201,774</u>	<u>(148,532)</u>	<u>79,079,894</u>
Less: Accumulated depreciation:				
Land improvements	(2,283,691)	(69,160)	-	(2,352,851)
Buildings and improvements	(15,523,496)	(1,435,714)	-	(16,959,210)
Furniture, fixtures and equipment	(1,224,069)	(97,442)	-	(1,321,511)
Vehicles	(1,753,166)	(133,374)	148,532	(1,738,008)
Total accumulated depreciation	<u>(20,784,422)</u>	<u>(1,735,690)</u>	<u>148,532</u>	<u>(22,371,580)</u>
Total capital assets being depreciated, net	<u>58,242,230</u>	<u>(1,533,916)</u>	<u>-</u>	<u>56,708,314</u>
Governmental activities capital assets, net	<u>\$ 59,795,870</u>	<u>\$ (1,533,916)</u>	<u>\$ -</u>	<u>\$ 58,261,954</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 1,074,557
Special	31,112
Vocational	21,520
Support services:	
Pupil	14,162
Instructional staff	43,990
Administration	25,974
Operation and maintenance of plant	300,236
Pupil transportation	158,791
Operation of non-instructional services	48,061
Extracurricular activities	17,287
Total depreciation expense	<u>\$ 1,735,690</u>

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NOTE 8 – RECEIVABLES

Receivables at June 30, 2021, consisted of taxes, accounts (miscellaneous), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of Federal funds.

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Other governmental funds:	
Grants	\$ 503,842

NOTE 9 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 251,269	\$ -
Nonmajor governmental funds	-	251,269
	<u>\$ 251,269</u>	<u>\$ 251,269</u>

All balances resulted from the time lag between the dates that (1) interfund goods and services were provided or reimbursable expenditures occurred, (2) transactions were recorded in the accounting system, or (3) payments between funds were made.

Interfund transfers for the year ended June 30, 2021 consisted of the following, as reported on the fund financial statements:

Transfers from general fund to:	
Nonmajor governmental funds	\$ 140,679
Transfers from nonmajor governmental funds to:	
Nonmajor governmental funds	122,389
	<u>\$ 263,068</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorization. Transfers are also used to close out grants in any funds, including special revenue funds that are no longer required, as indicated above.

NOTE 10 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

A. School Employees Retirement System

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

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Age and service requirements for retirement are as follows:

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

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

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

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

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

The School District’s contractually required contribution to SERS was \$362,750 for fiscal year 2021. Of this amount \$28,647 is reported as an intergovernmental payable.

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B. State Teachers Retirement System

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2021, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The School District’s contractually required contribution to STRS was \$1,478,849 for fiscal year 2021. Of this amount \$263,064 is reported as an intergovernmental payable.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability - prior measurement date	0.0700790%	0.0877366%	
Proportion of the net pension liability - current measurement date	<u>0.0727260%</u>	<u>0.0848018%</u>	
Change in proportionate share	<u>0.0026470%</u>	<u>-0.0029349%</u>	
Proportionate share of the net pension liability	\$4,810,251	\$20,519,011	\$25,329,262
Pension expense	\$417,989	\$2,182,662	\$2,600,651

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 9,344	\$ 46,040	\$ 55,384
Changes of assumptions	-	1,101,475	1,101,475
Net difference between projected and actual earnings on pension plan investments	305,353	997,842	1,303,195
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	96,009	22,707	118,716
School District contributions subsequent to the measurement date	<u>362,750</u>	<u>1,478,849</u>	<u>1,841,599</u>
Total deferred outflows of resources	<u>\$ 773,456</u>	<u>\$ 3,646,913</u>	<u>\$ 4,420,369</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 131,205	\$ 131,205
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>56,018</u>	<u>1,162,195</u>	<u>1,218,213</u>
Total deferred inflows of resources	<u>\$ 56,018</u>	<u>\$ 1,293,400</u>	<u>\$ 1,349,418</u>

\$1,841,599 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	\$ 4,039	\$ 327,834	\$ 331,873
2023	127,770	(8,224)	119,546
2024	127,278	222,320	349,598
2025	<u>95,601</u>	<u>332,734</u>	<u>428,335</u>
Total	<u>\$ 354,688</u>	<u>\$ 874,664</u>	<u>\$ 1,229,352</u>

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Actuarial Assumptions - SERS

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

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

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

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

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

For 2020, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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Asset <u>class</u>	Target <u>allocation</u>	Long term expected <u>real rate of return</u>
Cash	2.00 %	1.85 %
US stocks	22.50	5.75
Non-US stocks	22.50	6.50
Fixed income	19.00	2.85
Private equity	12.00	7.60
Real assets	17.00	6.60
Multi-asset strategies	<u>5.00</u>	6.65
Total	<u>100.00 %</u>	

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

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

	1% Decrease <u>(6.50%)</u>	Current discount rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
School District's proportionate share of the net pension liability	\$ 6,589,456	\$ 4,810,251	\$ 3,317,464

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Actuarial Assumptions - STRS

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

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

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

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

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

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

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

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

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

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

	1% Decrease <u>(6.45%)</u>	Current discount rate <u>(7.45%)</u>	1% Increase <u>(8.45%)</u>
School District's proportionate share of the net pension liability	\$ 29,215,499	\$20,519,011	\$13,149,461

C. Social Security System

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

NOTE 11 – POST-EMPLOYMENT BENEFITS

Net OPEB Liability or Asset

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

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

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

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

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

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A. School Employee Retirement System

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$50,728.

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 \$50,728 for fiscal year 2021. Of this amount \$50,728 is reported as a pension obligation payable.

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B. State Teachers Retirement System

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

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability (asset) - prior measurement date	0.0720224%	0.0877366%	
Proportion of the net OPEB liability (asset) - current measurement date	<u>0.0758591%</u>	<u>0.0848018%</u>	
Change in proportionate share	<u>0.0038367%</u>	<u>-0.0029349%</u>	
Proportionate share of the net OPEB liability (asset)	\$1,648,667	(\$1,490,389)	\$158,278
OPEB expense	(\$44,505)	(\$95,631)	(\$140,136)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 21,653	\$ 95,497	\$ 117,150
Changes of assumptions	281,040	24,603	305,643
Net difference between projected and actual earnings on pension plan investments	18,577	52,232	70,809
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	96,795	7,243	104,038
School District contributions subsequent to the measurement date	<u>50,728</u>	<u>-</u>	<u>50,728</u>
Total deferred outflows of resources	<u>\$ 468,793</u>	<u>\$ 179,575</u>	<u>\$ 648,368</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 838,462	\$ 296,864	\$ 1,135,326
Changes of assumptions	41,526	1,415,620	1,457,146
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>132,261</u>	<u>37,513</u>	<u>169,774</u>
Total deferred inflows of resources	<u>\$ 1,012,249</u>	<u>\$ 1,749,997</u>	<u>\$ 2,762,246</u>

\$50,728 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal <u>Year</u>	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	\$ (126,716)	\$ (391,193)	\$ (517,909)
2023	(125,372)	(355,839)	(481,211)
2024	(125,591)	(343,437)	(469,028)
2025	(118,108)	(333,705)	(451,813)
2026	(77,313)	(74,229)	(151,542)
2027	<u>(21,084)</u>	<u>(72,019)</u>	<u>(93,103)</u>
Total	<u>\$ (594,184)</u>	<u>\$ (1,570,422)</u>	<u>\$ (2,164,606)</u>

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Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 10.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability at June 30, 2019, was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

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	1% Decrease (1.63%)	Current discount rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	\$ 2,017,927	\$1,648,667	\$1,355,105

	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	\$ 1,298,199	\$1,648,667	\$2,117,331

Actuarial Assumptions – STRS

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

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

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

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

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

Since the prior measurement date, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium

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was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 10.

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease <u>(6.45%)</u>	Current discount rate <u>(7.45%)</u>	1% Increase <u>(8.45%)</u>
School District's proportionate share of the net OPEB asset	\$ (1,296,736)	(\$1,490,389)	(\$1,654,698)

	<u>1% Decrease</u>	Current <u>trend rate</u>	<u>1% Increase</u>
School District's proportionate share of the net OPEB asset	\$ (1,644,499)	(\$1,490,389)	(\$1,302,662)

NOTE 12 – COMPENSATED ABSENCES

Vacation Leave The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (11 and 12 month) are eligible for vacation time. The number of days granted, is determined upon length of service. For fiscal year 2021, the superintendent and the treasurer were granted twenty days of vacation. Administrators may accrue vacation leave up to a maximum of three years prior to using the vacation leave days. Classified employees earn ten to twenty days of vacation per year, depending upon length of service (with a year defined as at least 120 days). Classified employees may accrue vacation up to a maximum of two years prior to using the vacation leave days. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. The administrative and classified personnel accumulate vacation based on the following schedule:

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<u>Administration Years Service</u>	<u>Classified Years Service</u>	<u>Vacation Days</u>
1-8	1-6	10
9-17	7-14	15
18-beyond	15-beyond	20

Sick Leave/Severance Pay Each employee earns sick leave at the rate of one and one-fourth days per month to a maximum of fifteen days in any year. Effective February 17, 2012, classified employees' sick leave was converted to hours for accumulation and usage. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for employees is 320 days. Retirement pay will be paid to an employee who retires on the basis of one-fourth (1/4) of the employee's total available accumulated sick leave days up to a maximum of 80 days at the daily rate at the time of retirement.

Retirement pay shall be paid within thirty calendar days of the effective date of the employee's retirement. For administrative employees and any teacher actively employed on or after June 30, 2005; retiring administrators and teachers shall have their severance pay placed into an annuity contract as an Employer Plan for Payment and Deferral of Severance Pay, and payment shall occur within thirty (30) calendar days of the effective date of the employee's retirement and shall be in lieu of payment being made directly to the retired employee. However, for administrators, the first thirty days of accumulated sick days must be paid and any remaining will be placed in the annuity.

NOTE 13 – RISK MANAGEMENT

A. General Risk

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. The School District has addressed these various types of risk by purchasing a comprehensive insurance policy through the Ohio School Plan (Plan).

General liability insurance is maintained in the amount of \$4,000,000 for single occurrence and \$6,000,000 in the aggregate. The School District maintains fleet insurance in the amount of \$4,000,000 for any one accident or loss. The School District maintains replacement cost insurance on buildings and contents in the amount of \$92,839,816.

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in insurance coverage from the prior fiscal year. For fiscal year 2021, the School District participated in the Plan which is an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

B. Workers' Compensation

The School District participates in the Workers' Compensation Program provided by the State of Ohio. The Ohio system of workers' compensation has been in effect since 1913 providing compensation for work-related injuries, diseases and deaths. The system is maintained by the Ohio Bureau of Workers'

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Compensation and the Industrial Commission. The Bureau of Workers' Compensation determines basic premium rates by the cost of claims generated within the school's industry classification. New rates are effective each January 1. Premiums are paid annually.

C. Health Insurance

In July 1987, the School District joined the Ashtabula County Schools Council of Governments Employees Insurance Consortium to insure its medical and vision claims. The consortium currently includes eight member school districts. Contributions are determined by the consortium's board of directors. The program is operated as a full indemnity program with no financial liability (other than monthly premiums) or risk to the School District. The School District provides life insurance coverage through a commercial insurance policy.

The School District uses an internal service fund to record and report its self-funded dental insurance program. The claims liability of \$10,600, reported in the fund at year end was estimated and is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported.

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Changes in the fund's claims liability during 2021 and 2020 were:

	Year ended 6/30/2021	Year ended 6/30/2020
Unpaid claims, beginning of fiscal year	\$ 12,200	\$ 13,800
Incurred claims (including IBNRs)	200,900	172,673
Claim payments	<u>(202,500)</u>	<u>(174,273)</u>
Unpaid claims, end of fiscal year	<u>\$ 10,600</u>	<u>\$ 12,200</u>

NOTE 14 – LONG-TERM DEBT AND OBLIGATIONS

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within one year</u>
<u>General Obligation Bonds</u>					
2019 Refunding	\$ 8,835,000	\$ -	\$ (20,000)	\$ 8,815,000	\$ 20,000
Premium	197,261	-	(30,294)	166,967	-
2012 School Improvement					
Refunding	<u>2,935,000</u>	<u>-</u>	<u>(930,000)</u>	<u>2,005,000</u>	<u>1,000,000</u>
Total bonds	<u>11,967,261</u>	<u>-</u>	<u>(980,294)</u>	<u>10,986,967</u>	<u>1,020,000</u>
<u>Other Long-term obligations</u>					
Compensated absences	<u>1,849,826</u>	<u>53,711</u>	<u>(173,300)</u>	<u>1,730,237</u>	<u>242,036</u>
<u>Net Pension Liability</u>					
STRS	19,402,426	1,116,585	-	20,519,011	-
SERS	<u>4,192,949</u>	<u>617,302</u>	<u>-</u>	<u>4,810,251</u>	<u>-</u>
Total net pension liability	<u>23,595,375</u>	<u>1,733,887</u>	<u>-</u>	<u>25,329,262</u>	<u>-</u>
<u>Net OPEB Liability</u>					
SERS	<u>1,811,212</u>	<u>-</u>	<u>(162,545)</u>	<u>1,648,667</u>	<u>-</u>
Total governmental					
long-term obligations	<u>\$ 39,223,674</u>	<u>\$ 1,787,598</u>	<u>\$ (1,316,139)</u>	<u>\$ 39,695,133</u>	<u>\$ 1,262,036</u>

The School District pays compensated absences and pension/OPEB obligations related to employee benefits and compensation from the fund benefitting from their service.

Geneva Area City School District
Ashtabula County

Notes to the Basic Financial Statements
 For the Year Ended June 30, 2021

School Improvement Refunding Bonds: On June 20, 2012, the School District issued \$14,860,000 in refunding general obligation bonds with interest rates from .9-3.375% to refund \$15,080,000 of outstanding 2003 School Improvement Bonds. In addition to the proceeds of the new bonds the School District paid an additional \$1,500,000. The net proceeds of \$14,548,108 (after payment of \$311,892 in underwriting fees, insurance, and other issuance costs) was deposited into an irrevocable trust with an escrow agent to provide for future debt service payments of the portion of School Improvement Bonds refunded. These bonds are serial bonds. As a result of this issue, the School Improvement Bonds are considered to be defeased and the liability has been removed. The old debt had a final call date of December 1, 2013 in which the debt was repaid.

On September 4, 2019 the School District issued \$8,910,000 in refunding general obligation bonds with interest rates from 2.5% to 3.085% to refund \$8,945,000 of outstanding 2012 School Improvement Bonds. The net proceeds of \$9,052,838 (after payment of \$84,777 in issuance costs) were with an escrow agent to provide for debt service payments of the portion of the 2012 School Improvement Bonds refunded. These bonds were called and repaid on December 1, 2019. As a result of this issue, the old bonds are considered to be defeased and the liability has been removed. As a result of the refunding the net present value savings was \$328,289.

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2021 are as follows:

Fiscal <u>Year</u>	<u>Principal</u>	<u>Interest</u>	Total <u>Payment</u>
2022	\$ 1,020,000	\$ 299,087	\$ 1,319,087
2023	1,000,000	268,353	1,268,353
2024	1,030,000	239,352	1,269,352
2025	1,010,000	210,196	1,220,196
2026	1,046,000	178,483	1,224,483
2027-2031	<u>5,714,000</u>	<u>394,850</u>	<u>6,108,850</u>
Total	<u>\$ 10,820,000</u>	<u>\$ 1,590,321</u>	<u>\$ 12,410,321</u>

The Ohio Revised Code (ORC) provides that the net debt of a school district, whether or not approved by the voters, shall not exceed 9.0% of the total value of all property in the School District as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed .1% of the total assessed value of property. The School District has no unvoted debt. The School District's unvoted debt limit and margin is \$384,726. The voted debt limit and margin at June 30, 2021 is \$34,625,382 and \$23,805,382.

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS AND PUBLIC ENTITY RISK POOLS

Northeast Ohio Management Information Network (NEOMIN) NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts support NEOMIN based upon a per pupil charge. Payments to NEOMIN are made from the general fund. During the current fiscal year, the School District contributed \$78,730 to NEOMIN.

Geneva Area City School District

Ashtabula County

Notes to the Basic Financial Statements

For the Year Ended June 30, 2021

Superintendents and Treasurers of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County districts, and a treasurer from each county. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained from the Trumbull County Educational Service Center, 6000 Youngstown Warren Road, Niles, Ohio, 44446.

Ashtabula County Schools Council of Governments The School District's Superintendent is a member of the governing board of the Ashtabula County Schools Council of Governments, a separate entity formed for the purpose of purchasing health insurance. The School District has no ongoing financial interest or financial responsibility to the Council of Governments other than via participation by purchasing health insurance.

Ashtabula County Technical and Career Center The School District is a member of the Ashtabula County Technical and Career Center which has a seven-member board of education and is funded by levying millage and state and federal support. The School District has one member as a board representative. The School District has no ongoing financial interest or financial responsibility to the Ashtabula County Technical and Career Center.

NOTE 16 – CONTINGENCIES

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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds.

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

NOTE 17 – STATUTORY RESERVES

The School District is required by the state law to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. The School District may replace using general fund revenues with proceeds from various sources (offsets), such as bond or levy proceeds related to the acquisition, replacement, enhancement, maintenance or repair of permanent improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years.

Geneva Area City School District

Ashtabula County

Notes to the Basic Financial Statements

For the Year Ended June 30, 2021

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

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

	Capital Maintenance <u>Reserve</u>
Set-aside cash balance as of June 30, 2020	\$ -
Current year set-aside requirement	402,848
Current year offset	<u>(1,368,586)</u>
Set-aside cash balance as of June 30, 2021	<u>\$ (965,738)</u>
Cash balance carried forward to 2022	<u><u>\$ -</u></u>

NOTE 18 – FUND DEFICITS

As of June 30, 2021, three funds had a deficit fund balance. The deficit was caused by the application of GAAP. The deficit balance will be eliminated by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30.

The following funds had a deficit balance:

<u>Fund</u>	<u>Deficit Balance</u>
Nonmajor special revenue fund:	
Food service	\$ 30,025
IDEA Part B	20,419
Title I	34,812

NOTE 19 – TAX ABATEMENTS

Pursuant to Ohio Revised Code (ORC) Section 3735, the Village of Geneva-on-the Lake (the Village) established a Community Reinvestment Area (CRA) program. The CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA’s are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing has traditionally been discouraged. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for the renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity’s property tax bill.

The total value of the School District’s share of taxes abated within the CRA for fiscal year 2021 totaled \$468.

NOTE 20 – CHANGE IN ACCOUNTING PRINCIPAL AND RESTATEMENT OF NET POSITION AND FUND BALANCE

For fiscal year 2021, the School District has implemented GASB Statement No. 84, “Fiduciary Activities”. GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. The School District reviewed its agency funds, and these funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the School District’s financial statements.

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

	<u>Governmental Activities</u>
Net position June 30, 2020	\$ 33,791,908
Restatement GASBS No. 84	<u>114,309</u>
Restated net position at July 1, 2021	<u>\$ 33,906,217</u>

Geneva Area City School District

Ashtabula County

Notes to the Basic Financial Statements

For the Year Ended June 30, 2021

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

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balance June 30, 2020	\$ 3,785,043	\$ 1,732,872	\$ 1,067,943	\$ 2,049,151	\$ 1,582,307	\$ 10,217,316
Restatement GASBS No. 84	-	-	-	-	114,309	114,309
Restated fund balance at July 1, 2021	<u>\$ 3,785,043</u>	<u>\$ 1,732,872</u>	<u>\$ 1,067,943</u>	<u>\$ 2,049,151</u>	<u>\$ 1,696,616</u>	<u>\$ 10,331,625</u>

NOTE 21 – CORONAVIRUS PANDEMIC (COVID-19)

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures have impacted the current period and will continue to impact subsequent periods of the School District. Furthermore, due to the dynamic environment and changes in fiscal policies, the exact impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be reasonably estimated.

Required Supplementary Information

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
School Employees Retirement System (SERS) of Ohio				
School District's proportion of the net pension liability	0.072726%	0.070079%	0.075310%	0.077710%
School District's proportionate share of the net pension liability	\$ 4,810,251	\$ 4,192,949	\$ 4,313,115	\$ 4,643,025
School District's covered payroll	\$ 2,549,607	\$ 3,033,496	\$ 2,486,622	\$ 2,552,429
School District's proportionate share of the net pension liability as a percentage of its covered payroll	188.67%	138.22%	173.45%	181.91%
Plan fiduciary net position as a percentage of total pension liability	68.55%	70.85%	71.36%	69.50%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
State Teachers Retirement System (STRS) of Ohio				
School District's proportion of the net pension liability	0.0848018%	0.0877366%	0.0935489%	0.0932440%
School District's proportionate share of the net pension liability	\$ 20,519,011	\$ 19,402,426	\$ 20,569,300	\$ 22,150,305
School District's covered payroll	\$ 10,234,250	\$ 10,788,743	\$ 10,697,436	\$ 10,459,350
School District's proportionate share of the net pension liability as a percentage of its covered payroll	200.49%	179.84%	192.28%	211.78%
Plan fiduciary net position as a percentage of total pension liability	75.50%	77.40%	77.30%	75.30%

(1) Ten years of information will be presented as information becomes available. Information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

2017	2016	2015	2014
0.082263%	0.083531%	0.083654%	0.083654%
\$ 6,020,863	\$ 4,766,348	\$ 4,233,681	\$ 4,974,635
\$ 2,541,343	\$ 2,514,750	\$ 2,404,235	\$ 2,425,506
236.92%	189.54%	176.09%	205.10%
62.98%	69.16%	71.70%	65.52%

2017	2016	2015	2014
0.0935143%	0.0937433%	0.0947171%	0.0947171%
\$ 31,302,055	\$ 25,907,909	\$ 23,038,465	\$ 27,443,268
\$ 10,007,457	\$ 9,907,507	\$ 9,875,246	\$ 9,935,785
312.79%	261.50%	233.30%	276.21%
66.80%	72.10%	74.70%	69.30%

Geneva Area City School District
Required Supplementary Information
Schedule of School District Contributions - Pension
Last Nine Fiscal Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School Employees Retirement System (SERS) of Ohio					
Contractually required contribution	\$ 362,750	\$ 356,945	\$ 409,522	\$ 335,694	\$ 357,340
Contributions in relation to contractually required contribution	<u>(362,750)</u>	<u>(356,945)</u>	<u>(409,522)</u>	<u>(335,694)</u>	<u>(357,340)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 2,591,071	\$ 2,549,607	\$ 3,033,496	\$ 2,486,622	\$ 2,552,429
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%	14.00%

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
State Teachers Retirement System (STRS) of Ohio					
Contractually required contribution	\$ 1,478,849	\$ 1,432,795	\$ 1,510,424	\$ 1,497,641	\$ 1,464,309
Contributions in relation to contractually required contribution	<u>(1,478,849)</u>	<u>(1,432,795)</u>	<u>(1,510,424)</u>	<u>(1,497,641)</u>	<u>(1,464,309)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 10,563,207	\$ 10,234,250	\$ 10,788,743	\$ 10,697,436	\$ 10,459,350
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%

(1) Ten years of information will be presented as information becomes available. Information prior to 2013 is not available.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 355,788	\$ 331,444	\$ 333,227	\$ 335,690
<u>(355,788)</u>	<u>(331,444)</u>	<u>(333,227)</u>	<u>(335,690)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,541,343	\$ 2,514,750	\$ 2,404,235	\$ 2,425,506
14.00%	13.18%	13.86%	13.84%

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 1,401,044	\$ 1,387,051	\$ 1,283,782	\$ 1,291,652
<u>(1,401,044)</u>	<u>(1,387,051)</u>	<u>(1,283,782)</u>	<u>(1,291,652)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,007,457	\$ 9,907,507	\$ 9,875,246	\$ 9,935,785
14.00%	14.00%	13.00%	13.00%

Geneva Area City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Last Five Fiscal Years (1)

	2021	2020	2019	2018
School Employees Retirement System (SERS) of Ohio				
School District's proportion of the net OPEB liability	0.075859%	0.072022%	0.076841%	0.078941%
School District's proportionate share of the net OPEB liability	\$ 1,648,667	\$ 1,811,212	\$ 2,131,766	\$ 2,118,574
School District's covered payroll	\$ 2,549,607	\$ 3,033,496	\$ 2,486,622	\$ 2,552,429
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	64.66%	59.71%	85.73%	83.00%
Plan fiduciary net position as a percentage of total OPEB liability	18.17%	15.57%	13.57%	12.46%
	2021	2020	2019	2018
State Teachers Retirement System (STRS) of Ohio				
School District's proportion of the net OPEB asset or liability	0.0848018%	0.0877366%	0.0935489%	0.0932440%
School District's proportionate share of the net OPEB (asset) liability	\$ (1,490,389)	\$ (1,453,129)	\$ (1,503,235)	\$ 3,638,036
School District's covered payroll	\$ 10,234,250	\$ 10,788,743	\$ 10,697,436	\$ 10,459,350
School District's proportionate share of the net OPEB (asset) liability as a percentage of its covered payroll	-14.56%	-13.47%	-14.05%	34.78%
Plan fiduciary net position as a percentage of total OPEB (asset) liability	182.10%	174.70%	176.00%	47.10%

(1) Ten years of information will be presented as information becomes available. Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

2017

0.083533%

\$ 2,381,008

\$ 2,541,343

93.69%

11.49%

2017

0.0935143%

\$ 5,001,169

\$ 10,007,457

49.97%

37.30%

Geneva Area City School District
Required Supplementary Information
Schedule of School District Contributions - OPEB
Last Nine Fiscal Years (1)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School Employees Retirement System (SERS) of Ohio					
Contractually required contribution (2)	\$ 50,728	\$ 50,585	\$ 60,089	\$ 55,896	\$ 43,409
Contributions in relation to contractually required contribution	<u>(50,728)</u>	<u>(50,585)</u>	<u>(60,089)</u>	<u>(55,896)</u>	<u>(43,409)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 2,591,071	\$ 2,549,607	\$ 3,033,496	\$ 2,486,622	\$ 2,552,429
Contributions as a percentage of covered payroll	1.96%	1.98%	1.98%	2.25%	1.70%

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
State Teachers Retirement System (STRS) of Ohio					
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 10,563,207	\$ 10,234,250	\$ 10,788,743	\$ 10,697,436	\$ 10,459,350
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Ten years of information will be presented as information becomes available. Information prior to 2013 is not available.

(2) Includes surcharge

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 42,994	\$ 65,558	\$ 46,549	\$ 46,329
<u>(42,994)</u>	<u>(65,558)</u>	<u>(46,549)</u>	<u>(46,329)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,541,343	\$ 2,514,750	\$ 2,404,235	\$ 2,425,506
1.69%	2.61%	1.94%	1.91%

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ -	\$ -	\$ 98,752	\$ 99,358
<u>-</u>	<u>-</u>	<u>(98,752)</u>	<u>(99,358)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,007,457	\$ 9,907,507	\$ 9,875,246	\$ 9,935,785
0.00%	0.00%	1.00%	1.00%

Geneva Area City School District
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Net Pension Liability

School Employees Retirement System (SERS) of Ohio

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

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

State Teachers Retirement System (STRS) of Ohio

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

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

Net OPEB Liability

School Employees Retirement System (SERS) of Ohio

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

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

State Teachers Retirement System (STRS) of Ohio

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

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

**GENEVA AREA CITY SCHOOL DISTRICT
ASHTABULA COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
<i>Nutrition Cluster:</i>			
School Breakfast Program	10.553	2021	\$187,806
COVID-19 - School Breakfast Program	10.553	2021	25,473
National School Lunch Program	10.555	2021	463,996
COVID-19 - National School Lunch Program	10.555	2021	34,403
Non-Cash Food Commodities	10.555	2021	88,222
Total Nutrition Cluster			<u>799,900</u>
Total U.S. Department of Agriculture			<u>799,900</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title V-B Rural	84.358B	2021	41,523
Title I - Grants to Local Educational Agencies	84.010A	2020	190,728
	84.010A	2021	549,077
	84.010A	2021	13,922
Total Title I - Grants to Local Educational Agencies			<u>753,727</u>
<i>Special Education Cluster:</i>			
IDEA-B - Special Education Grants to State	84.027A	2020	94,231
	84.027A	2021	429,898
Total IDEA-B - Special Education Grants to State			<u>524,129</u>
Special Education - ESCE	84.173A	2021	9,851
Total - Special Education Cluster			<u>533,980</u>
COVID-19 - ESSER I	84.425D	2021	409,842
COVID-19 - CRF - Coronavirus Relief	21.019	2021	106,220
COVID-19 - Ohio Broadband Connectivity	21.019	2021	20,000
Total - CRF			<u>126,220</u>
Total U.S. Department of Education			<u>1,865,292</u>
Total Expenditures of Federal Awards			<u>\$2,665,192</u>

The accompanying notes are an integral part of this schedule.

**GENEVA AREA CITY SCHOOL DISTRICT
ASHTABULA COUNTY**

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Geneva Area City School District (the District) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the 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 Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The 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 assumes it expends federal monies first.

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN FEDERAL PROGRAMS

During fiscal year 2021, the District made allowable ESEA flexibility transfers of \$82,063 from Title II-A (AL #84.367) program to the Title I (AL #84.010) program and transfers of \$40,326 from Title IV-A (AL #84.424) program to the Title (AL #84.010) program. The Schedule shows the District spent approximately \$82,063 on the Title II-A program and \$40,326 on the Title IV-A program. The Title II-A and Title IV-A programs transfers are excluded on the Schedule. The amounts transferred to the Title I program are included as Title I expenditures when disbursed. The following table shows the gross amounts drawn for the Title II-A and Title IV-A programs during fiscal year 2021 and the amounts transferred to the Title I program.

Title II-A	\$ 82,063
Transfer to Title I	<u>(82,063)</u>
Total Title II-A	<u>\$ 0</u>
Title IV-A	\$ 40,326
Transfer to Title I	<u>(40,326)</u>
Total Title IV-A	<u>\$ 0</u>

OHIO AUDITOR OF STATE KEITH FABER



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

Geneva Area City School District
Ashtabula County
135 South Eagle Street
Geneva, Ohio 44041

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 Geneva Area City School District, (the District) as of and for the year ended June 30, 2021, 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 10, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

March 10, 2022



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

Geneva Area City School District
Ashtabula County
135 South Eagle Street
Geneva, Ohio 44041

To the Board of Education:

Report on Compliance for the Major Federal Program

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

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

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

Opinion on the Major Federal Program

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

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 the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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 10, 2022

**GENEVA AREA CITY SCHOOL DISTRICT
ASHTABULA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021**

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):	Special Education Cluster AL#84.027/84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



GENEVA AREA CITY SCHOOL DISTRICT

ASHTABULA 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 3/29/2022

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