



OHIO AUDITOR OF STATE
KEITH FABER



**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY
JUNE 30, 2021**

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**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY
JUNE 30, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Ironton City School District
Lawrence County
105 South Fifth Street
Ironton, Ohio 45638

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 Ironton City School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Ironton City School District, Lawrence County, Ohio, as of June 30, 2021, and the respective changes in financial position 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 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
March 28, 2022

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Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2021

Unaudited

The discussion and analysis of the Ironton City School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year 2021 are as follows:

- Net Position of governmental activities decreased \$670,633.
- General revenues accounted for \$13,840,652 or 67.9 percent of all revenues. Program specific revenues in the form of charges for services and sales, and grants, contributions, and interest accounted for \$6,538,956 or 32.1 percent of total revenues of \$20,379,608.
- The School District had \$21,050,241 in expenses related to governmental activities; \$6,538,956 of these expenses was offset by program specific charges for services and sales, grants, and contributions. General revenues of \$13,840,652 were not adequate to cover the remaining expenses.

Using the Basic Financial Statements

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

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

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about the large number of funds used by the School District to provide programs and activities for students, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2021

Unaudited

These two statements report the School District's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are reported as Governmental Activities, including instruction, support services, operation of non-instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major fund begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for multiple financial transactions. However, these fund financial statements focus on the School District's most significant fund. The School District's major governmental funds are the General Fund and the Bond Retirement Fund.

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

Fiduciary Funds The School District's only fiduciary fund is a private purpose trust fund. All of the School District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. Fiduciary funds use the accrual basis of accounting.

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2021

Unaudited

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2021 compared to 2020.

Table 1
Net Position

	2021	2020	Change
Assets			
Current and Other Assets	\$10,321,939	\$9,549,640	\$772,299
Capital Assets	35,179,598	36,713,913	(1,534,315)
Net OPEB Asset	949,746	927,219	22,527
Total Assets	46,451,283	47,190,772	(739,489)
Deferred Outflows of Resources			
Deferred Charge on Refunding	1,314,227	1,245,311	68,916
Pension	2,992,299	3,213,547	(221,248)
OPEB	463,184	385,329	77,855
Total Deferred Outflows	4,769,710	4,844,187	(74,477)
Liabilities			
Other Liabilities	1,755,543	1,657,282	98,261
Long-Term Liabilities:			
Due Within One Year	921,571	852,760	68,811
Due in More Than One Year:			
Net Pension Liability	17,199,209	16,589,428	609,781
Net OPEB Liability	1,394,326	1,788,737	(394,411)
Other Amounts	13,303,791	13,974,597	(670,806)
Total Liabilities	34,574,440	34,862,804	(288,364)
Deferred Inflow of Resources			
Property Taxes	3,028,417	3,164,872	(136,455)
Pension	913,200	1,029,220	(116,020)
OPEB	2,076,945	1,679,439	397,506
Total Deferred Inflow of Resources	6,018,562	5,873,531	145,031
Net Position			
Net Investment in Capital Assets	24,414,849	25,053,804	(638,955)
Restricted	2,802,148	2,531,836	270,312
Unrestricted (Deficits)	(16,589,006)	(16,287,016)	(301,990)
Total Net Position	\$10,627,991	\$11,298,624	(\$670,633)

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2021

Unaudited

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2021. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Total assets decreased \$739,489, primarily due to a decrease in capital assets due to depreciation which was offset by increases in intergovernmental and property taxes receivables. The increase in intergovernmental receivables is mainly due to reimbursements of 2021 expenses relating to COVID-19 related grants. The increase in property taxes receivable is due to an increase in delinquencies. Total liabilities decreased \$288,364. This was primarily due to the net OPEB liability decrease of \$394,411 and the repayment and refunding of debt. These decreases were partially offset by an increase in the net pension liability in the amount of \$609,781.

Table 2 shows the changes in net position for the fiscal year ended June 30, 2021, and comparisons to fiscal year 2020.

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2021

Unaudited

Table 2
Changes in Net Position

	2021	2020	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	\$1,950,101	\$2,304,767	(\$354,666)
Operating Grants, Contributions and Interest	4,534,326	3,464,940	1,069,386
Capital Grants and Contributions	54,529	0	54,529
Total Program Revenues	6,538,956	5,769,707	769,249
General Revenues:			
Property Taxes	4,306,491	4,138,464	168,027
Grants and Entitlements	9,290,065	9,144,370	145,695
Investment Earnings	8,233	8,778	(545)
Gifts and Donations	33,700	0	33,700
Miscellaneous	202,163	66,514	135,649
Total General Revenues	13,840,652	13,358,126	482,526
Total Revenues	20,379,608	19,127,833	1,251,775
Program Expenses			
Instruction:			
Regular	8,826,092	8,320,129	505,963
Special	2,996,970	2,951,158	45,812
Vocational	253,721	249,707	4,014
Intervention	162,655	119,984	42,671
Support Services:			
Pupils	1,208,292	978,290	230,002
Instructional Staff	152,077	138,505	13,572
Board of Education	402,952	527,269	(124,317)
Administration	1,497,592	1,467,648	29,944
Fiscal	691,047	805,610	(114,563)
Operation and Maintenance of Plant	1,758,235	1,779,060	(20,825)
Pupil Transportation	736,638	774,720	(38,082)
Central	174,928	205,229	(30,301)
Operation of Non-Instructional Services:			
Food Service Operations	711,632	741,091	(29,459)
Community Services	211,492	210,389	1,103
Extracurricular Activities	745,956	777,339	(31,383)
Interest and Fiscal Charges	519,962	629,321	(109,359)
Total Expenses	21,050,241	20,675,449	374,792
Change in Net Position	(670,633)	(1,547,616)	876,983
Net Position at Beginning of Year	11,298,624	12,846,240	(1,547,616)
Net Position at End of Year	\$10,627,991	\$11,298,624	(\$670,633)

Property taxes made up approximately 21.1 percent of revenues for governmental activities for the Ironton City School District. Of the remaining revenues, the School District receives 68.1 percent from state foundation, federal, and state grants; 9.6 percent from charges for services and sales; and 1.2 percent from investment earnings, gifts and donations, and miscellaneous.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As the result of legislation enacted in 1976, the overall revenue generated by a levy will not increase solely as a result of inflation. Additionally, increases in property taxes would only have a nominal effect upon the School District's total revenue. Basically, the mills collected decreases as the property valuation increases, thus generating about the same revenue.

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2021

Unaudited

Total program revenues increased \$769,249 from fiscal year 2020 to fiscal year 2021. Operating grants, contributions and interest increased \$1,069,386 primarily due to increased grant funding related to the COVID-19 pandemic. Charges for services decreased \$354,666 due to decreases in tuition and fees, charges for services and sales, and extracurricular activities revenues.

Approximately 58.1 percent of the School District's budget for expenditures is used to fund instructional expenses. Support services make up 31.5 percent of expenses and 10.4 percent is used for interest and fiscal charges, extracurricular activities, food service operations, and community services.

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

Table 3

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2021	2021	2020	2020
Program Expenses				
Instruction:				
Regular	\$8,826,092	\$5,994,516	\$8,320,129	\$6,081,766
Special	2,996,970	1,332,710	2,951,158	1,082,965
Vocational	253,721	209,939	249,707	209,422
Student Intervention Services	162,655	162,655	119,984	119,984
Support Services:				
Pupils	1,208,292	598,559	978,290	676,806
Instructional Staff	152,077	127,099	138,505	135,102
Board of Education	402,952	363,160	527,269	505,520
Administration	1,497,592	1,494,557	1,467,648	1,458,354
Fiscal	691,047	636,176	805,610	764,631
Operation and Maintenance of Plant	1,758,235	1,615,798	1,779,060	1,717,568
Pupil Transportation	736,638	632,885	774,720	736,215
Central	174,928	174,928	205,229	205,229
Operation of Non-Instructional Services:				
Food Service Operations	711,632	108,790	741,091	209,497
Community Services	211,492	4,179	210,389	2,897
Extracurricular Activities	745,956	535,372	777,339	370,465
Interest and Fiscal Charges	519,962	519,962	629,321	629,321
Total	<u>\$21,050,241</u>	<u>\$14,511,285</u>	<u>\$20,675,449</u>	<u>\$14,905,742</u>

The dependence upon tax revenues and state subsidies for governmental activities is apparent as 68.9 percent of all School District activities are supported through taxes and other general revenues.

The School District Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. The School District has two major funds: the General Fund and the Bond Retirement Fund. All governmental funds had total revenues of \$20,151,692 and expenditures of \$19,584,258. The General Fund's balance increased \$453,873. The General Fund's unassigned fund balance of \$1,128,211 represented 7.6 percent of current year expenditures. The Bond Retirement Fund's balance decreased \$181,223.

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2021

Unaudited

General Fund Budgeting Highlights

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

During the course of fiscal year 2021, the School District amended its General Fund budget. The School District uses a modified site-based budgeting technique which is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, final estimated revenues (not including other financing sources) were \$15,054,984, above original estimates of \$14,612,321. This difference was mainly due to conservative estimates for property tax revenues at the beginning of the fiscal year. Also, final estimated expenditures (not including other financing uses) were \$14,791,149, less than original estimates of \$15,700,071. Original appropriations were decreased \$908,922 among all expenditure classifications due to salary and benefits changes and foundation funding levels becoming available.

The School District's ending unobligated General Fund balance was \$2,602,862.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the School District had \$35,179,598 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2021 balances compared to 2020.

Table 4
Capital Assets
(Net of Depreciation)

	2021	2020
Land	\$471,255	\$471,255
Land Improvements	3,105,614	3,416,510
Buildings and Improvements	31,322,003	32,479,301
Furniture and Equipment	232,862	281,906
Vehicles	47,864	64,941
Totals	\$35,179,598	\$36,713,913

See Note 9 for more information on Capital Assets.

Ironton City School District, Ohio

Management's Discussion and Analysis

For the Fiscal Year June 30, 2021

Unaudited

Debt

At June 30, 2021, the School District had the following debt outstanding:

Table 5
Outstanding Debt, at Fiscal Year End

	2021	2020
2013 Refunding Bonds, 1.00-3.25%	\$2,489,308	\$8,789,811
2015 Refunding Bonds, 1.00-4.00%	2,138,372	2,783,858
2020 Refunding Bonds, 2.11%	2,635,000	2,795,000
2021 Refunding Bonds, 1.989%	6,380,000	0
	<u>\$13,642,680</u>	<u>\$14,368,669</u>

See Note 14 for more information on debt.

Economic Factors

The School District depends on the State School Foundation Program. Revenues from the State School Foundation program accounts for \$8,266,886 or 40.6 percent of total revenues of \$20,379,608. The School District continued to monitor its current spending levels in order to stay within its revenues. The School District is in a low economic growth area, so dependence on local tax revenue must be minimized.

Contacting the School District's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Patty Wade, Treasurer at Ironton City School District, 105 South Fifth Street, Ironton, Ohio 45638.

Ironton City School District, Ohio
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$4,875,401
Intergovernmental Receivable	1,249,668
Inventory Held for Resale	3,266
Materials and Supplies Inventory	1,183
Prepaid Items	47,208
Property Taxes Receivable	4,145,213
Nondepreciable Capital Assets	471,255
Depreciable Capital Assets, Net	34,708,343
Net OPEB Asset	949,746
	46,451,283
 Deferred Outflows of Resources	
Deferred Charge on Refunding	1,314,227
Pension	2,992,299
OPEB	463,184
	4,769,710
 Liabilities	
Accounts Payable	38,139
Accrued Wages and Benefits Payable	1,298,560
Accrued Interest Payable	20,408
Vacation Benefits Payable	74,779
Intergovernmental Payable	323,657
Long-Term Liabilities:	
Due within One Year	921,571
Due in More than One Year:	
Net Pension Liability	17,199,209
Net OPEB Liability	1,394,326
Other Amounts	13,303,791
	34,574,440
 Deferred Inflow of Resources	
Property Taxes	3,028,417
Pension	913,200
OPEB	2,076,945
	6,018,562
 Net Position	
Net Investment in Capital Assets	24,414,849
Restricted for:	
Food Service Operations	3,612
Debt Service	1,005,113
Capital Projects	289,178
Athletics	58,486
Facilities Maintenance	139,616
Local Grant Programs	27,282
State Grant Programs	711,545
Federal Grant Programs	514,873
Student Activities	51,224
Auxiliary Programs	1,219
Unrestricted (Deficit)	(16,589,006)
	\$10,627,991

See accompanying notes to the basic financial statements

Ironton City School District, Ohio
Statement of Activities
For the Fiscal Year Ended June, 30, 2021

	Program Revenues			Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest		
Governmental Activities					
Instruction:					
Regular	\$8,826,092	\$1,712,980	\$1,118,596	\$0	(\$5,994,516)
Special	2,996,970	6,590	1,657,670	0	(1,332,710)
Vocational	253,721	0	43,782	0	(209,939)
Student Intervention Services	162,655	0	0	0	(162,655)
Support Services:					
Pupils	1,208,292	0	609,733	0	(598,559)
Instructional Staff	152,077	0	24,978	0	(127,099)
Board of Education	402,952	0	39,792	0	(363,160)
Administration	1,497,592	0	3,035	0	(1,494,557)
Fiscal	691,047	0	54,871	0	(636,176)
Operation and Maintenance of Plant	1,758,235	9,000	133,437	0	(1,615,798)
Pupil Transportation	736,638	0	49,224	54,529	(632,885)
Central	174,928	0	0	0	(174,928)
Operation of Non-Instructional Services:					
Food Service Operations	711,632	12,296	590,546	0	(108,790)
Community Services	211,492	0	207,313	0	(4,179)
Extracurricular Activities	745,956	209,235	1,349	0	(535,372)
Interest and Fiscal Charges	519,962	0	0	0	(519,962)
Totals	\$21,050,241	\$1,950,101	\$4,534,326	\$54,529	(14,511,285)

General Revenues

Property Taxes Levied for:

General Purposes	3,132,581
Debt Service	1,114,764
Classroom Facilities Maintenance	59,146
Grants and Entitlements not Restricted to Specific Programs	9,290,065
Investment Earnings	8,233
Gifts and Donations	33,700
Miscellaneous	202,163

Total General Revenues 13,840,652

Change in Net Position (670,633)

Net Position at Beginning of Year 11,298,624

Net Position at End of Year \$10,627,991

See accompanying notes to the basic financial statements

Ironton City School District, Ohio

Balance Sheet

Governmental Funds

June 30, 2021

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,788,264	\$733,012	\$1,354,125	\$4,875,401
Receivables:				
Property Taxes	3,016,307	1,071,900	57,006	4,145,213
Intergovernmental	50,540	0	1,199,128	1,249,668
Interfund	477,254	0	0	477,254
Prepaid Items	46,549	0	659	47,208
Materials and Supplies Inventory	0	0	1,183	1,183
Inventory Held for Resale	0	0	3,266	3,266
<i>Total Assets</i>	<u>\$6,378,914</u>	<u>\$1,804,912</u>	<u>\$2,615,367</u>	<u>\$10,799,193</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$23,834	\$0	\$14,305	\$38,139
Accrued Wages and Benefits Payable	1,112,912	0	185,648	1,298,560
Interfund Payable	0	0	477,254	477,254
Intergovernmental Payable	278,214	0	45,443	323,657
Total Liabilities	<u>1,414,960</u>	<u>0</u>	<u>722,650</u>	<u>2,137,610</u>
Deferred Inflows of Resources				
Property Taxes	2,207,234	779,391	41,792	3,028,417
Unavailable Revenue	332,414	115,890	591,709	1,040,013
<i>Total Deferred Inflows of Resources</i>	<u>2,539,648</u>	<u>895,281</u>	<u>633,501</u>	<u>4,068,430</u>
Fund Balances				
Nonspendable				
Inventories	0	0	1,183	1,183
Prepaid Items	46,549	0	659	47,208
Restricted for:				
Food Service Operations	0	0	5,586	5,586
Debt Service	0	909,631	0	909,631
Capital Projects	0	0	289,178	289,178
Athletics	0	0	58,486	58,486
Facilities Maintenance	0	0	133,588	133,588
Local Grant Programs	0	0	27,282	27,282
State Grant Programs	0	0	656,464	656,464
Federal Grant Programs	0	0	52,522	52,522
Student Activities	0	0	51,224	51,224
Auxiliary Programs	0	0	13,370	13,370
Committed to:				
Health Insurance Contingency	1,924	0	0	1,924
Assigned				
Purchases on Order	131,316	0	0	131,316
Subsequent Year Appropriations	1,082,546	0	0	1,082,546
School Support Services	33,760	0	0	33,760
Capital Improvements	0	0	532	532
Unassigned (Deficit)	1,128,211	0	(30,858)	1,097,353
<i>Total Fund Balances</i>	<u>2,424,306</u>	<u>909,631</u>	<u>1,259,216</u>	<u>4,593,153</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$6,378,914</u>	<u>\$1,804,912</u>	<u>\$2,615,367</u>	<u>\$10,799,193</u>

See accompanying notes to the basic financial statements

Ironton City School District, Ohio
*Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2021*

Total Governmental Fund Balances \$4,593,153

*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. 35,179,598

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

Delinquent Property Taxes	442,468	
Intergovernmental Revenues	585,730	
Tuition and Fees	11,815	1,040,013

Deferred outflows of resources represent deferred charges on
refunding which do not provide current financial resources and
therefore are not reported in the funds. 1,314,227

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

Net OPEB Asset	949,746	
Deferred Outflows - Pension	2,992,299	
Deferred Outflows - OPEB	463,184	
Net Pension Liability	(17,199,209)	
Net OPEB Liability	(1,394,326)	
Deferred Inflows - Pension	(913,200)	
Deferred Inflows - OPEB	(2,076,945)	(17,178,451)

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

Refunding Bonds	(13,642,680)	
Accrued Interest Payable	(20,408)	
Sick Leave Benefits Payable	(582,682)	
Vacation Benefits Payable	(74,779)	(14,320,549)

Net Position of Governmental Activities \$10,627,991

See accompanying notes to the basic financial statements

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

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$3,068,106	\$1,092,231	\$57,935	\$4,218,272
Intergovernmental	10,199,358	157,254	3,386,733	13,743,345
Investment Earnings	8,233	0	5	8,238
Tuition and Fees	1,696,269	0	0	1,696,269
Charges for Services and Sales	0	0	12,296	12,296
Extracurricular Activities	17,830	0	209,235	227,065
Rent	9,000	0	0	9,000
Gifts and Donations	33,700	0	1,344	35,044
Miscellaneous	197,009	0	5,154	202,163
<i>Total Revenues</i>	<u>15,229,505</u>	<u>1,249,485</u>	<u>3,672,702</u>	<u>20,151,692</u>
Expenditures				
Current:				
Instruction:				
Regular	6,807,168	0	956,872	7,764,040
Special	1,887,578	0	749,612	2,637,190
Vocational	221,924	0	3,497	225,421
Student Intervention Services	162,655	0	0	162,655
Support Services:				
Pupils	745,043	0	358,868	1,103,911
Instructional Staff	106,120	0	22,176	128,296
Board of Education	392,152	0	10,800	402,952
Administration	1,325,936	0	2,269	1,328,205
Fiscal	623,546	32,409	39,236	695,191
Operation and Maintenance of Plant	1,409,689	0	145,972	1,555,661
Pupil Transportation	601,529	0	15,499	617,028
Central	149,077	0	0	149,077
Operation of Non-Instructional Services	0	0	814,106	814,106
Extracurricular Activities	317,473	0	278,753	596,226
Capital Outlay	0	0	6,000	6,000
Debt Service:				
Principal Retirement	0	605,000	0	605,000
Interest and Fiscal Charges	0	616,939	0	616,939
Payment to Refunded Bond Escrow Agent	0	99,450	0	99,450
Issuance Costs	0	76,910	0	76,910
<i>Total Expenditures</i>	<u>14,749,890</u>	<u>1,430,708</u>	<u>3,403,660</u>	<u>19,584,258</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>479,615</u>	<u>(181,223)</u>	<u>269,042</u>	<u>567,434</u>
Other Financing Sources (Uses)				
Transfers In	0	0	25,742	25,742
Refunding Bonds Issued	0	6,380,000	0	6,380,000
Payment to Refunded Bond Escrow Agent	0	(6,380,000)	0	(6,380,000)
Transfers Out	(25,742)	0	0	(25,742)
<i>Total Other Financing Sources (Uses)</i>	<u>(25,742)</u>	<u>0</u>	<u>25,742</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	453,873	(181,223)	294,784	567,434
<i>Fund Balances at Beginning of Year</i>	<u>1,970,433</u>	<u>1,090,854</u>	<u>964,432</u>	<u>4,025,719</u>
<i>Fund Balances at End of Year</i>	<u>\$2,424,306</u>	<u>\$909,631</u>	<u>\$1,259,216</u>	<u>\$4,593,153</u>

See accompanying notes to the basic financial statements

Ironton City School District, Ohio
*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		\$567,434
 <i>Amounts reported for governmental activities in the statement of activities are different because</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of depreciation expense:		(1,534,315)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Taxes	88,219	
Intergovernmental Revenues	134,226	
Tuition and Fees	5,471	227,916
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds Payable	345,000	
Capital Appreciation Bonds Payable	260,000	
Capital Appreciation Bonds Accretion Payable	275,000	880,000
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Accretion of Capital Appreciation Bonds	(375,455)	
Accrued Interest Payable	6,522	
Amortization of Discount	(4,568)	
Amortization of Premium	287,300	
Amortization of Deferred Amount on Refunding	(91,822)	(178,023)
Long-term debt proceeds are other financing sources in the governmental funds, but the issuance increases long-term liabilities on the statement of net position:		
Refunding Bonds Issued		(6,380,000)
Payment to refunded bond escrow agent is in the governmental funds; but the payment is included in the calculation of deferred outflows: deferred charges on refunding on the statement of net position.		
Debt Service	99,450	
Other Financing Uses	6,380,000	6,479,450
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	1,248,430	
OPEB	37,682	1,286,112
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities/asset are reported as pension/OPEB expense in the statement of activities:		
Pension	(1,963,439)	
OPEB	59,605	(1,903,834)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Vacation Benefits Payable	8,621	
Sick Leave Benefits Payable	(123,994)	(115,373)
 <i>Change in Net Position of Governmental Activities</i>		 (\$670,633)

See accompanying notes to the basic financial statements

Ironton City School District, Ohio
*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$2,662,168	\$2,949,197	\$2,949,197	\$0
Intergovernmental	10,412,154	10,161,589	10,161,589	0
Investment Earnings	8,771	8,220	8,220	0
Tuition and Fees	1,435,708	1,696,269	1,696,269	0
Rent	8,250	9,000	9,000	0
Gifts and Donations	0	33,700	33,700	0
Miscellaneous	85,270	197,009	197,009	0
<i>Total Revenues</i>	<u>14,612,321</u>	<u>15,054,984</u>	<u>15,054,984</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular	7,319,578	6,798,043	6,798,043	0
Special	1,815,766	1,869,711	1,869,711	0
Vocational	225,238	223,277	223,277	0
Student Intervention Services	124,964	170,795	170,795	0
Support Services:				
Pupils	805,863	746,159	746,159	0
Instructional Staff	121,021	105,579	105,579	0
Board of Education	543,235	426,970	426,970	0
Administration	1,301,503	1,322,124	1,322,124	0
Fiscal	756,728	633,833	633,833	0
Operation and Maintenance of Plant	1,532,969	1,418,120	1,418,120	0
Pupil Transportation	632,460	614,410	614,410	0
Central	183,356	147,942	147,942	0
Extracurricular Activities	337,390	314,186	314,186	0
<i>Total Expenditures</i>	<u>15,700,071</u>	<u>14,791,149</u>	<u>14,791,149</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,087,750)</u>	<u>263,835</u>	<u>263,835</u>	<u>0</u>
Other Financing Source (Uses)				
Advances In	45,739	46,276	46,276	0
Transfers Out	(101,782)	(25,742)	(25,742)	0
Advances Out	(48,058)	(477,254)	(477,254)	0
<i>Total Other Financing Source (Uses)</i>	<u>(104,101)</u>	<u>(456,720)</u>	<u>(456,720)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,191,851)	(192,885)	(192,885)	0
<i>Fund Balance at Beginning of Year</i>	2,750,206	2,750,206	2,750,206	0
Prior Year Encumbrances Appropriated	45,541	45,541	45,541	0
<i>Fund Balance at End of Year</i>	<u>\$1,603,896</u>	<u>\$2,602,862</u>	<u>\$2,602,862</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Ironton City School District, Ohio
Statement of Fiduciary Net Position
Private-Purpose Trust Fund
For the Fiscal Year Ended June 30, 2021

Assets

Equity in Pooled Cash and Cash Equivalents	<u><u>\$81,521</u></u>
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Net Position

Restricted for Endowments	\$53,358
Held in Trust for Scholarships	<u>28,163</u>

<i>Total Net Position</i>	<u><u>\$81,521</u></u>
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See accompanying notes to the basic financial statements

Ironton City School District, Ohio
Statement of Changes in Fiduciary Net Position
Private-Purpose Trust Fund
For the Fiscal Year Ended June 30, 2021

Additions	
Gifts and Contributions	\$7,070
Investment Earnings	<u>105</u>
 Total Additions	 7,175
 Deductions	
Scholarships	<u>5,500</u>
 <i>Change in Net Position</i>	 1,675
 <i>Net Position at Beginning of Year</i>	 <u>79,846</u>
 <i>Net Position at End of Year</i>	 <u><u>\$81,521</u></u>

See accompanying notes to the basic financial statements

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Ironton City School District, Ohio

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

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by State statute and federal guidelines. This Board of Education controls the School District's three instructional/support facilities staffed by 76 classified employees, 109 certified teaching personnel, and five administrators who provide services to 1,379 students and other community members.

Reporting Entity

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

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

The following activities are included within the reporting entity:

Parochial Schools Within the School District boundaries, St. Lawrence Elementary and St. Joseph High School are operated through the Steubenville Catholic Diocese. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools. This activity is reflected in a special revenue fund for financial reporting purposes.

The School District participates in three jointly governed organizations and three insurance purchasing pools. These organizations are the Metropolitan Educational Technology Association (META), the Collins Career Center, the Educational Regional Service System (ERSS) Region 15, the Ohio School Plan, the Lawrence County Schools Council of Governments Health Benefits Program, and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 16 and 17 to the basic financial statements.

Ironton City School District, Ohio

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

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

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

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

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

Fund Accounting

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

Ironton City School District, Ohio

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

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

General Fund The General Fund accounts for and reports 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 and transferred according to the general laws of Ohio.

Bond Retirement Fund The Bond Retirement Fund is used to account for the accumulation of resources for, and the payment of, general obligation bonds, interest, and related costs.

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

Fiduciary Fund Types Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. The School District has a private purpose trust fund which accounts for various college scholarships for students. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District has no custodial funds.

Measurement Focus

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

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

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

Ironton City School District, Ohio

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

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from investment trust, private purpose trust funds, and custodial funds.

Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes and grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, investment earnings, tuition, grants, fees, and rent.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension, and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB are explained in Notes 12 and 13.

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

Ironton City School District, Ohio

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

year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental revenues, and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 16. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13)

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

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

Cash and Cash Equivalents

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

During fiscal year 2021, investments included non-negotiable certificates of deposit, which are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2021 amounted to \$8,233, which includes \$3,556 assigned from other School District funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

Inventory

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

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 the purchase and an expenditure/expense is reported in the fiscal year in which the services are consumed.

Ironton City School District, Ohio

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District did not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Description	Governmental
	Activities
	Estimated Lives
Land Improvements	28-50 years
Buildings and Improvements	50 years
Furniture and Equipment	5-20 years
Vehicles	3-10 years

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 either externally imposed by creditors, contributors, grantors, or laws of other government or imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the School District are reported as restricted.

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. The liability for vacation benefits is recorded as vacation benefits payable, rather than long-term liabilities, since at the employee's request, any carry-over may be paid to the employees each year, or carried over for one year.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified and certified employees after 18 years of current service with the School District.

Ironton City School District, Ohio

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

Accrued Liabilities and Long-term Obligations

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

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

Interfund Activity

Transfers within governmental activities were eliminated on the government-wide statements. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund services provided and used are not eliminated.

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

Interfund Balances

Interfund receivables and payables resulting from short-term interfund loans or interfund services provided and used are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities column of the statement of net position.

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 governmental funds. The classifications are as follows:

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash. It also includes prepaids for all governmental types.

Restricted: The restricted fund balance category includes amounts that can be spent only for the specific purposes 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.

Ironton City School District, Ohio

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

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes determined 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 the use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the Educational Service Center for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the School District's Board of Education or a School District official delegated that authority by resolution or State Statute. State statute authorizes the School District's Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The School District's Board of Education assigned fund balance to cover a gap between estimated revenue and appropriations in fiscal year 2022's appropriated budget. The Board of Education has also assigned fund balance for school support services and capital improvements.

Unassigned: The unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balances.

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 the amounts in any of the unrestricted fund balance classifications could be used.

Bond Premiums and Discounts

On government-wide financial statement, bond discounts and premiums are deferred and amortized over the term of the bonds using the effective interest method. Bond discounts are presented as a reduction of the face amount of the bonds payable. Bond premiums are presented as an increase of the face amount of the bonds payable. Bond discounts on the capital appreciation bonds are deferred and accreted over the term of the bonds. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

On the governmental fund statements, bond premiums and bond discounts are recognized in the period in which the bonds are issued. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses.

Ironton City School District, Ohio

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

Deferred Charge on Refunding

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing 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 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 purposes for which both restricted and unrestricted net position are available.

Pensions/Other Postemployment Benefits (OPEB)

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

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

Estimates

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

Budgetary Process

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

Ironton City School District, Ohio

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statement reflect the amounts on the certificate of estimated resources in effect when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statement reflect the amounts in the amended certificate in effect when final appropriations for the fiscal year were passed. Prior to June 30, the Board requested and received an amended certificate in which estimated revenue equaled actual revenue.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year. Prior to June 30, the Board passed an appropriation resolution which matched actual expenditures during the fiscal year plus encumbrances outstanding at fiscal year end.

Note 3 - Change in Accounting Principle

For fiscal year 2021, the School District implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2019-1*. These changes were incorporated in the School District's 2021 financial statements; however, there was no effect on beginning net position/fund balance.

Note 4 - Deficit Fund Balances

The following funds had deficit fund balances at June 30, 2021:

Special Revenue Funds:	
Elementary Secondary School Emergency Relief	\$28,328
Improving Teacher Quality	2,531

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the General Fund needed for operations until the receipt of grant monies. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Ironton City School District, Ohio

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

3. Encumbrances are treated as expenditures (budget basis) rather than as an assignment or commitment of fund balance (GAAP basis).
4. Prepaid items and unreported cash are reported on the balance sheet (GAAP basis), but not on the budgetary basis.
5. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
6. Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

Net Change in Fund Balance	
	General Fund
GAAP Basis	\$453,873
Net Adjustment for:	
Revenue Accruals	(156,678)
Expenditure Accruals	80,604
Unreported Cash:	
Beginning of Fiscal Year	68
End of Fiscal Year	(81)
Advances In	46,276
Advances Out	(477,254)
Prepaid Items:	
Beginning of Fiscal Year	49,221
End of Fiscal Year	(46,549)
To reclassify excess of revenues over expenditures into financial statement fund types	7,272
Encumbrances	(149,637)
Budget Basis	<u>(\$192,885)</u>

Note 6 - Deposits and Investments

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

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

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

Ironton City School District, Ohio

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) and by a letter of credit from the First National Bankers Bankshares Capital Markets, LLC.

Interim monies held by the School District can be deposited or invested in the following securities:

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

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

Ironton City School District, Ohio

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2021, \$4,832,807 of the School District's total bank balance of \$5,267,971 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution.

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

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

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

Note 7 - Property Taxes and Abatements

Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 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 statute 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 year 2021 represents collections of calendar year 2020 taxes. Public utility real 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.

Ironton City School District, Ohio

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

The School District receives property taxes from Lawrence County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 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 were 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 reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources - property taxes.

The amount available as an advance at June 30, 2021, was \$488,523 in the General Fund, \$176,619 in the Bond Retirement Fund, and \$9,186 in the School Facilities Fund. The amount available as an advance at June 30, 2020, was \$369,614 in the General Fund, \$134,751 in the Bond Retirement Fund, and \$6,951 in the School Facilities 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 reported as deferred inflows of resources - unavailable revenues.

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

	2020 Second- Half Collections		2021 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$116,421,710	70%	\$115,833,490	69%
Public Utility Personal	40,931,930	24%	39,803,670	24%
General Business Personal	10,299,650	6%	11,316,240	7%
Total	<u>\$167,653,290</u>	<u>100%</u>	<u>\$166,953,400</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation		\$32.80		\$32.80

Abatements

Pursuant to Section 5709.82 of the Ohio Revised Code the City of Ironton established a Community Reinvestment Area (CRA). The City has offered CRA abatements to encourage economic stability, maintain property values, and generate new employment opportunities and population growth. The abatements equal an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. Each taxing authority within the boundaries of the Community Reinvestment Area, including the School District, share in the abated amount of property taxes. The amount of fiscal year 2021 taxes reduced by overlapping governments (city agreements) was \$126,146.

Note 8 - Receivables

Receivables at June 30, 2021, consisted of property taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Except for property taxes, all receivables are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be received within one year. The delinquent property taxes amounted to \$442,468.

Ironton City School District, Ohio

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

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Total
Elementary Secondary School Emergency Relief	\$436,352
Special Education Part B IDEA	315,656
Title I	138,880
Title II-A, Improving Teacher Quality	82,702
Title IV-A, Student Support and Academic Enrichment	74,997
School Bus Purchase Allowance	54,529
Title I - Supplemental School Improvement	41,575
Miscellaneous Reimbursements	29,774
Federal Lunch Reimbursements	20,465
Title V-B, Rural and Low Income	20,264
Title I - Expanding Opportunities	13,034
Ohio Department of Education	11,815
Medicaid Reimbursements	8,951
High Schools That Work	552
Early Childhood Special Education	122
Total Intergovernmental Receivable	\$1,249,668

Note 9 - Capital Assets

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

	Balance 6/30/2020	Additions	Deductions	Balance 6/30/2021
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$471,255	\$0	\$0	\$471,255
Depreciable Capital Assets:				
Land Improvements	6,406,366	0	0	6,406,366
Buildings and Improvements	45,191,354	0	0	45,191,354
Furniture and Equipment	1,138,258	0	0	1,138,258
Vehicles	970,771	0	0	970,771
Total Capital Assets being Depreciated	53,706,749	0	0	53,706,749
Less Accumulated Depreciation				
Land Improvements	(2,989,856)	(310,896)	0	(3,300,752)
Buildings and Improvements	(12,712,053)	(1,157,298)	0	(13,869,351)
Furniture and Equipment	(856,352)	(49,044)	0	(905,396)
Vehicles	(905,830)	(17,077)	0	(922,907)
Total Accumulated Depreciation	(17,464,091)	(1,534,315) *	0	(18,998,406)
Total Capital Assets being Depreciated, Net	36,242,658	(1,534,315)	0	34,708,343
Capital Assets, Net	\$36,713,913	(\$1,534,315)	\$0	\$35,179,598

* Depreciation expense was charged to governmental functions as follows:

Ironton City School District, Ohio

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

Instruction:	
Regular	\$647,329
Special	243,569
Vocational	17,285
Support Services:	
Pupils	57,562
Instructional Staff	21,090
Administration	86,552
Operation and Maintenance of Plant	115,553
Pupil Transportation	121,855
Central	21,090
Operation of Non-Instructional Services:	
Food Service Operations	98,247
Extracurricular Activities	104,183
Total Depreciation Expense	<u>\$1,534,315</u>

Note 10 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the School District contracted with Hylant Administrative Services for property and fleet insurance. The type and amount of coverage provided follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$79,763,248
Automobile Liability (\$0 deductible):	
Bodily Injury and Property Damage – combined single limit	2,000,000
Medical Payments – each person	5,000
Uninsured Motorists	1,000,000

The School District has joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 17).

The types and amounts of coverage provided by the Ohio School Plan are as follows:

General Liability:	
Each Occurrence	\$2,000,000
Aggregate Limit	4,000,000
Products – Complete Operations Aggregate Limit	2,000,000
Fire Legal Liability	500,000
Medical Expense Limit – per person/accident	10,000
Employers Liability – Stop Gap:	
Per Accident	2,000,000
Per Disease Each Employee	2,000,000
Per Disease Policy Limit	2,000,000
Employee Benefits Liability:	
Per Claim	2,000,000
Aggregate Limit	4,000,000
Excess Liability:	
Each Occurrence	2,000,000
Aggregate Limit	4,000,000

Ironton City School District, Ohio

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

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.

Workers' Compensation

For fiscal year 2021, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria.

Note 11 - Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Employees who earn vacation can carry over unused vacation for one year. If vacation is unused after that year, upon employee request, the employee may be paid for it at that time. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. There is no limit to the amount of sick leave that may be accumulated. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum payment of 80 days.

Life Insurance and Health Care Benefits

The School District provides life insurance and accidental death and dismemberment insurance to certified and classified employees through Guardian Insurance Inc., in the amount of \$30,000 and \$20,000, respectively.

Health insurance is provided by Anthem, Inc. Premiums for this coverage are \$2,214.34 for family coverage and \$896.49 for single coverage. The School District pays 85 percent of the premium for employees hired before August 1, 2009. For employees hired after August 1, 2009, the School District pays 75 percent of the premium. Dental insurance is provided by CIGNA. Premiums are \$20.53 for individual coverage and \$68.09 for family coverage. The School District pays 100 percent of the individual premium. Employees opting for family coverage must pay the difference. Vision insurance is provided by Vision Service Plan. Premiums are \$6.80 for individual coverage and \$14.62 for family coverage. The School District pays 100 percent of the individual premium. Employees opting for family coverage must pay the difference.

Note 12 - Defined Benefit Pension Plans

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

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Net Pension Liability/Net OPEB Liability

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

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

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

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Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 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 \$304,928 for fiscal year 2021. Of this amount, \$33,678 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2021

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employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$943,502 for fiscal year 2021. Of this amount, \$134,367 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:

	SERS	STRS	
Proportion of the Net Pension Liability:			
Current Measurement Date	0.06234360%	0.05403965%	
Prior Measurement Date	0.07034800%	0.05598336%	
Change in Proportionate Share	-0.00800440%	-0.00194371%	
			Total
Proportionate Share of the Net			
Pension Liability	\$4,123,537	\$13,075,672	\$17,199,209
Pension Expense	\$332,725	\$1,630,714	\$1,963,439

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$8,010	\$29,339	\$37,349
Changes of assumptions	0	701,911	701,911
Net difference between projected and actual earnings on pension plan investments	261,761	635,871	897,632
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	0	106,977	106,977
School District contributions subsequent to the measurement date	304,928	943,502	1,248,430
Total Deferred Outflows of Resources	\$574,699	\$2,417,600	\$2,992,299
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$83,610	\$83,610
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	301,250	528,340	829,590
Total Deferred Inflows of Resources	\$301,250	\$611,950	\$913,200

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\$1,248,430 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 fiscal 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	(\$194,540)	\$369,348	\$174,808
2023	(28,001)	38,113	10,112
2024	109,108	249,618	358,726
2025	81,954	205,069	287,023
Total	(\$31,479)	\$862,148	\$830,669

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:

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	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	5.00	6.65
Total	100.00 %	

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$5,648,742	\$4,123,537	\$2,843,861

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Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation are presented below:

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	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 percent, but does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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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 that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 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 (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$18,617,481	\$13,075,672	\$8,379,451

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, no members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 13 - Postemployment Benefits

See Note 12 for a description of the net OPEB liability.

Plan Description - School Employees Retirement System (SERS)

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

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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, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 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 \$37,682.

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 \$37,682 for fiscal year 2021. Of this amount, \$37,682 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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	SERS	STRS	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.06415630%	0.05403965%	
Prior Measurement Date	0.07112870%	0.05598336%	
Change in Proportionate Share	-0.00697240%	-0.00194371%	
			Total
Proportionate Share of the:			
Net OPEB Liability	\$1,394,326	\$0	\$1,394,326
Net OPEB (Asset)	\$0	(\$949,746)	(\$949,746)
OPEB Expense	(\$8,587)	(\$51,018)	(\$59,605)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$18,313	\$60,855	\$79,168
Changes of assumptions	237,684	15,678	253,362
Net difference between projected and actual earnings on OPEB plan investments	15,711	33,285	48,996
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	33	43,943	43,976
School District contributions subsequent to the measurement date	37,682	0	37,682
Total Deferred Outflows of Resources	\$309,423	\$153,761	\$463,184
Deferred Inflows of Resources			
Differences between expected and actual experience	\$709,112	\$189,176	\$898,288
Changes of assumptions	35,120	902,099	937,219
Changes in Proportionate Share and difference between School District contributions and proportionate share of contributions	202,793	38,645	241,438
Total Deferred Inflows of Resources	\$947,025	\$1,129,920	\$2,076,945

\$37,682 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:

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	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	(\$132,654)	(\$239,800)	(\$372,454)
2023	(131,517)	(217,271)	(348,788)
2024	(131,701)	(209,368)	(341,069)
2025	(130,195)	(219,128)	(349,323)
2026	(106,957)	(44,247)	(151,204)
Thereafter	(42,260)	(46,345)	(88,605)
Total	(\$675,284)	(\$976,159)	(\$1,651,443)

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:

Inflation	3.00 percent
Wage Increases	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	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	
Medicare	5.25 to 4.75 percent
Pre-Medicare	7.00 to 4.75 percent

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

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

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

The 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 12.

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	\$1,706,621	\$1,394,326	\$1,146,053
	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	\$1,097,926	\$1,394,326	\$1,790,690

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 percent ultimate
Medicare	-6.69 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	6.50 percent initial, 4 percent ultimate
Medicare	11.87 initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 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 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.

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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 12.

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 continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. 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 School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 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 (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	(\$826,341)	(\$949,746)	(\$1,054,451)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$1,047,951	(\$949,746)	(\$830,117)

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Note 14 - Long-Term Obligations

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

	Principal Outstanding 6/30/2020	Additions	Reductions	Principal Outstanding 6/30/2021	Amounts Due in One Year
Governmental Activities					
2013 Refunding Bonds, 1.00-3.25%					
Serial Bonds	\$6,315,000	\$0	\$6,315,000	\$0	\$0
Term Bonds	250,000	0	250,000	0	0
Discount on Bonds	(65,856)	0	(65,856)	0	0
Capital Appreciation Bonds, 19.759-20.298%	420,000	0	0	420,000	135,000
Premium on Bonds	653,585	0	147,981	505,604	0
Accretion on Capital Appreciation Bonds	1,217,082	346,622	0	1,563,704	575,000
2015 Refunding Bonds, 1.00-4.00%					
Serial Bonds	1,355,000	0	0	1,355,000	0
Term Bonds	725,000	0	0	725,000	20,000
Capital Appreciation Bonds - 13.819%	260,000	0	260,000	0	0
Premium on Serial Bonds	54,049	0	6,756	47,293	0
Premium on Term Bonds	12,661	0	1,582	11,079	0
Premium on Capital Appreciation Bonds	130,981	0	130,981	0	0
Accretion on Capital Appreciation Bonds	246,167	28,833	275,000	0	0
2020 Refunding Bonds, 2.11%					
Term Bonds	2,795,000	0	160,000	2,635,000	160,000
2021 Refunding Bonds, 1.989%					
Term Bonds	0	6,380,000	0	6,380,000	14,000
Total General Obligation Bonds	14,368,669	6,755,455	7,481,444	13,642,680	904,000
Net Pension Liability					
STRS	12,380,384	695,288	0	13,075,672	0
SERS	4,209,044	0	85,507	4,123,537	0
Total Net Pension Liability	16,589,428	695,288	85,507	17,199,209	0
Net OPEB Liability					
SERS	1,788,737	0	394,411	1,394,326	0
Sick Leave Benefits	458,688	123,994	0	582,682	17,571
Total Governmental Activities Long-Term Liabilities	\$33,205,522	\$7,574,737	\$7,961,362	\$32,818,897	\$921,571

On March 21, 2013, the School District issued \$8,240,000 in School Improvement Refunding Bonds to partially refund serial and term bonds, for the Series 2006 School Facilities Construction and Improvement General Obligation Bonds. At the date of refunding, \$9,696,706 was deposited in an irrevocable trust to provide for all future debt service payments on the partially refunded Series 2006 School Facilities Construction and Improvement General Obligation Bonds. The refunding bonds consisted of serial bonds in the amount of \$7,570,000, term bonds in the amount of \$250,000, and capital appreciation bonds in the amount of \$420,000. The bonds were issued with a premium in the amount of

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\$1,714,116 on the capital appreciation bonds, a discount on the term and serial bonds in the amount of \$98,602. This bond was retired from the bond retirement debt service fund through property taxes. The remaining serial and term bonds in the amount of \$6,130,000 and \$250,000, respectively, were refunded on March 30, 2021.

The partial advance refunding resulted in a difference between the net carrying amount of the old debt and an acquisition price, in the amount of \$1,650,060. This difference is being reported in the accompanying financial statements as deferred outflows or resources – deferred charge on refunding and is being amortized to interest expense over the life of the bonds using the straight-line method. The amount amortized during fiscal year 2021 was \$74,160. Since the refunding of 2013, the bonds have been called and the irrevocable trust account has been closed.

Principal and interest requirements to retire the School Facilities Construction and Improvement General Refunding Bonds Series 2013 outstanding at June 30, 2021, are as follows (the interest column includes the capital appreciation bonds accretion in fiscal years 2022 through 2025):

Fiscal Year Ending June 30,	Principal	Interest
2022	\$135,000	\$575,000
2023	110,000	600,000
2024	95,000	615,000
2025	80,000	630,000
Total	<u>\$420,000</u>	<u>\$2,420,000</u>

On July 7, 2015, the School District issued \$3,955,00 in School Facilities Construction and Improvement Refunding Bonds to partially refund serial and term bonds in the amount of \$1,930,000 and \$2,025,000; respectively, for the Series 2006 School Facilities Construction and Improvement General Obligation Bonds. At the date of refunding, \$4,183,070 was deposited in an irrevocable trust to provide for all future debt service payments on the partially refunded Series 2006 School Facilities Construction and Improvement General Obligation Bonds. The refunding bonds consisted of serial bonds in the amount of \$2,970,000, term bonds in the amount of \$725,000, and capital appreciation bonds in the amount of \$260,000. The bonds were issued with a premium in the amount of \$321,249. This bond will be retired from the bond retirement debt service fund through property taxes.

The partial advance refunding resulted in a difference between the net carrying amount of the old debt and an acquisition price, in the amount of \$164,215. This difference is being reported in the accompanying financial statements as deferred outflows or resources – deferred charge on refunding and is being amortized to interest expense over the life of the bonds using the straight-line method. The amount amortized during fiscal year 2021 was \$12,632. Since the 2015 refunding, the bonds have been called and the irrevocable trust account has been closed.

The term bonds due December 1, 2025 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

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Fiscal Year	Amount
2022	\$20,000
2023	20,000
2024	20,000
2025	20,000
Total mandatory sinking fund payments	80,000
Amount due at stated maturity	645,000
Total	\$725,000
Stated Maturity	12/1/2025

Principal and interest requirements to retire the School Facilities Construction and Improvement General Refunding Bonds Series 2015 outstanding at June 30, 2021, are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2022	\$20,000	\$62,100
2023	20,000	61,500
2024	20,000	60,900
2025	20,000	60,300
2026	645,000	50,325
2027-2028	1,355,000	41,025
Total	\$2,080,000	\$336,150

On March 4, 2020, the School District issued refunding bonds of \$2,795,000 consisting of term bonds. The refunding bonds will mature on December 1, 2027. These bonds were issued to current refund a portion of the 2010 School Building Construction Bonds, consisting of \$130,000 in serial bonds and \$2,665,000 in term bonds. The refunded portion of the bonds, as well as the unamortized premium of \$37,978 and discount of \$17,900 of these current refunded bonds, were removed from the financial statements of the School District. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$32,396. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized to interest expense over the life of the refunded bonds using the straight-line method. The amortization of this difference for 2021 was \$2,160. The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt of \$498,794. At the date of the refunding, \$2,847,474 (including underwriter fees and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2010 bonds. The refunded bonds were called and paid on June 1, 2020.

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

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Fiscal Year	Amount
2022	\$160,000
2023	168,000
2024	171,000
2025	174,000
2026	177,000
2027-2031	950,000
2032-2034	618,000
Total mandatory sinking fund payments	2,418,000
Amount due at state maturity	217,000
Total	<u>\$2,635,000</u>
Stated Maturity	12/1/2034

Principal and interest requirements to retire the School Improvement General Refunding Bonds Series 2020 outstanding at June 30, 2021, are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2022	\$160,000	\$53,910
2023	168,000	50,451
2024	171,000	46,874
2025	174,000	43,234
2026	177,000	39,531
2027-2031	950,000	139,239
2032-2035	835,000	35,710
Total	<u>\$2,635,000</u>	<u>\$408,949</u>

On March 30, 2021, the School District issued refunding bonds of \$6,380,000 consisting of term bonds. The refunding bonds will mature on December 1, 2027. These bonds were issued to current refund a portion of the 2013 School Improvement Refunding Bonds, consisting of \$6,130,000 in serial bonds and \$250,000 in term bonds. The refunded portion of the bonds, as well as the unamortized discount of \$61,288 of these current refunded bonds, were removed from the financial statements of the School District. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$160,738. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized to interest expense over the life of the refunded bonds using the straight-line method. The amortization of this difference for 2021 was \$2,870. The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt of \$581,166. During fiscal year 2021, the School District paid \$185,000 toward the principal of the 2013 School Improvement Refunding Bonds and amortized \$4,568 of the premium prior to the advance refunding on March 25, 2021. At the date of the refunding, \$6,479,450 (including underwriter fees and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 2013 bonds. The refunded bonds were called and paid on June 1, 2021.

The table presented below represents the fiscal year 2021 refunding transaction.

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2013 School Improvement Refunding Bonds	\$6,380,000
Discount on 2013 School Improvement Refunding Bonds	<u>(61,288)</u>
Total Series 2013 School Improvement Refunding Bonds	6,318,712
Payment to Refunded Bond Escrow Agent - Other Financing Use	<u>(6,479,450)</u>
Fiscal Year 2021 Refunding Bonds Accounting Difference	<u><u>(\$160,738)</u></u>

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

Fiscal Year	Amount
2022	\$14,000
2023	13,000
2024	14,000
2025	14,000
2026	94,000
2027-2031	2,684,000
2032-2034	<u>2,633,000</u>
Total mandatory sinking fund payments	5,466,000
Amount due at stated maturity	914,000
Total	<u><u>\$6,380,000</u></u>
Stated Maturity	12/1/2034

Principal and interest requirements to retire the School Improvement General Refunding Bonds Series 2021 outstanding at June 30, 2021, are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2022	\$14,000	\$126,759
2023	13,000	126,490
2024	14,000	126,222
2025	14,000	125,943
2026	94,000	124,869
2027-2031	2,684,000	530,387
2032-2035	<u>3,547,000</u>	<u>142,920</u>
Total	<u><u>\$6,380,000</u></u>	<u><u>\$1,303,590</u></u>

The School District's voted legal debt margin was \$4,420,437, with an unvoted debt margin of \$166,953 at June 30, 2021.

Sick leave benefits are paid from the fund from which the employees' salaries are paid, which includes the General Fund and Food Service Special Revenue Funds. There are no repayment schedules for the net pension and net OPEB liabilities. However, employer pension/OPEB contributions are made from the following funds: General Fund, and the Food Service, Auxiliary, Elementary Secondary School Emergency Relief, Title I, IDEA-B, and Title II-A Special Revenue Funds. See Notes 12 and 13 for additional information related to net pension and net OPEB liabilities.

Ironton City School District, Ohio

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Note 15 - Interfund Transactions

As of June 30, 2021, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Receivable</u>	<u>Payable</u>
General Fund	<u>\$477,254</u>	<u>\$0</u>
Other Governmental Funds:		
Miscellaneous State Grants	0	2,250
Elementary Secondary School Emergency Relief	0	402,631
Special Education IDEA Part B	0	10,751
Title I	0	35,306
Miscellaneous Federal Grants	<u>0</u>	<u>26,316</u>
Total	<u>0</u>	<u>477,254</u>
Total All Funds	<u>\$477,254</u>	<u>\$477,254</u>

The interfund balances result from the provision of cash flow resources from the General Fund until the receipt of grant monies by the grant funds.

The General Fund transferred \$25,742 to the Food Service Special Revenue Fund during fiscal year 2021. The transfer was made to move unrestricted balances to cover revenue shortfalls for the fiscal year of the food service operations.

Note 16 - Jointly Governed Organizations

The Metropolitan Educational Technology Association (META) formed from the merger of the Metropolitan Educational Council (MEC) and the South Central Ohio Computer Association Regional Council of Governments (SCOCARCoG) during fiscal year 2016, which is a jointly governed organization, created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and nonmembers innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of the school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. During 2021, the School District paid \$93,177 for services with META. Financial information can be obtained from Metropolitan Educational Technology Association at 100 Executive Drive, Marion, Ohio 43302.

The Collins Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from Chesapeake Union Exempted Village School District, two from the Ironton City School District, and two from the Lawrence County Educational Service Center, which possesses its own budgeting and taxing authority. Ironton City School District made no payments to the Collins Career Center in fiscal year 2021. To obtain financial information write to the Collins Career Center, 11627 State Route 243, Chesapeake, OH 45619.

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The Educational Regional Service System (ERSS) Region 15 is a jointly governed organization consisting of educational entities within Lawrence, Pike, Scioto, and Ross counties. The purpose of the ERSS is to provide support services to school districts, community schools, and chartered nonpublic schools within the region by supporting State and school initiatives and efforts to improve school effectiveness and student achievement with a specific reference to the provision of special education and related services. The ERSS is governed by an advisory council, which is the policymaking body for the educational entities within the region, who identifies regional needs and priorities for educational services and develops corresponding policies to coordinate the delivery of services. They are also charged with the responsibility of monitoring the implementation of State and regional initiatives and school improvement efforts. The Advisory Council is made up of the director of the ERSS, the superintendent of each educational service center within the region, the superintendent of the region's largest and smallest school district, the director and an employee from each education technology center, one representative of a four-year institution of higher education and appointed by the Ohio Board of Regents, one representative of a two-year institution of higher education and appointed by the Ohio Association of Community Colleges, three board of education members (one each from a city, exempted village, and local school district within the region), and one business representative. The degree of control exercised by any participating educational entity is limited to its representation on the Advisory Council. Financial information can be obtained from the South Central Educational Service Center, 522 Glenwood Avenue, New Boston, Ohio 45662.

Note 17 - Insurance Purchasing Pools

The School District participates in the **Ohio School Plan (OSP)**, an insurance purchasing pool. The Ohio School Plan (OSP) is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of the Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

The School District participates in the **Lawrence County Schools Council of Governments Health Benefits Program** (Council), a shared risk pool created pursuant to State statute for the purpose of administering health care benefits. The Council is governed by a council, which consists of the superintendent from each participating school district. The council elects officers for one-year terms to serve on the Board of Directors. The council exercises control over the operation of the council. All council revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. The Lawrence County Educational Service Center is the fiscal agent of the council. Each school district reserves the right to withdraw from the plan. If this is done, no further contributions will be made and the school district will be distributed their net pooled share and all claims submitted by covered members of the school district after the distribution will be exclusively the liability of the school district.

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Notes to the Basic Financial Statements

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

Note 18 - Donor Restricted Endowments

The School District's private purpose trust funds include donor restricted endowments. Total endowments, representing the principal portion, are \$53,358. The amount of net appreciation in donor restricted investments that is available for expenditure by the School District is \$28,163 and is included as held in trust for scholarships. State law permits the School District to appropriate, for purposes consistent with the endowments' intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowments indicate interest should be used to provide scholarships each year.

Note 19 - Set asides

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the 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

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

	Capital Improvements Reserve
Set-aside Reserve Balance as of June 30, 2020	\$0
Current Year Set-aside Requirement	255,446
Offsets	<u>(1,139,249)</u>
Total	<u><u>(\$883,803)</u></u>

The School District had qualifying offsets during the fiscal year that reduce the set-aside amount below zero. The excess set-aside may not be carried forward to reduce the set-aside requirements in future fiscal years.

Note 20 - Encumbrances

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at fiscal year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At fiscal year end, the School District's commitments for encumbrances in the governmental funds were as follows:

Fund	Amount
General	\$149,637
Nonmajor Governmental Funds	<u>305,727</u>
Total	<u><u>\$455,364</u></u>

Ironton City School District, Ohio

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

Note 21 - Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2021, if applicable, cannot be determined at this time.

Litigation

As of June 30, 2021, the School District is currently not a party to any legal proceedings.

School Foundation

In fiscal year 2021, School District foundation funding was based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2021 are finalized. As a result, an additional liability of \$1,461 has been recorded for the School District.

Note 22 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the School District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. The School District's investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020, and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

Note 23 - Subsequent Event

For fiscal year 2022, School District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, and scholarship funding will be directly funded by the State of Ohio to the respective schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the respective school. For fiscal year 2021, the School District reported \$205,683 in revenue and expenditures/expense related to these programs. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each School District. The School District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
School District's Proportion of the Net Pension Liability	0.06234360%	0.07034800%	0.07148930%
School District's Proportionate Share of the Net Pension Liability	\$4,123,537	\$4,209,044	\$4,094,325
School District's Covered Payroll	\$2,212,193	\$2,310,430	\$2,354,378
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	186.40%	182.18%	173.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%

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

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.07054780%	0.06627050%	0.06800100%	0.06926000%	0.06926000%
\$4,215,075	\$4,850,389	\$3,880,203	\$3,505,209	\$4,118,670
\$2,303,836	\$2,054,914	\$2,117,155	\$1,978,557	\$1,750,111
182.96%	236.04%	183.27%	177.16%	235.34%
69.50%	62.98%	69.16%	71.70%	65.52%

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

	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.05403965%	0.05598336%	0.05647650%
School District's Proportionate Share of the Net Pension Liability	\$13,075,672	\$12,380,384	\$12,417,914
School District's Covered Payroll	\$6,599,607	\$6,539,221	\$6,421,857
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	198.13%	189.33%	193.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%

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

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.05788926%	0.05597201%	0.05521284%	0.05504409%	0.05504409%
\$13,751,718	\$18,735,519	\$15,259,214	\$13,388,628	\$15,948,446
\$6,216,793	\$5,908,486	\$5,778,307	\$5,680,436	\$5,745,669
221.20%	317.10%	264.08%	235.70%	277.57%
75.30%	66.80%	72.10%	74.70%	69.30%

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

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.06415630%	0.07112870%	0.07165090%	0.07079080%	0.06636060%
School District's Proportionate Share of the Net OPEB Liability	\$1,394,326	\$1,788,737	\$1,987,790	\$1,899,839	\$1,891,523
School District's Covered Payroll	\$2,212,193	\$2,310,430	\$2,354,378	\$2,303,836	\$2,054,914
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	63.03%	77.42%	84.43%	82.46%	92.05%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%

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

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

See accompanying notes to the required supplementary information

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

	2021	2020	2019	2018	2017
School District's Proportion of the Net OPEB Liability	0.05403965%	0.05598336%	0.05647650%	0.05788926%	0.05597201%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$949,746)	(\$927,219)	(\$907,520)	\$2,258,625	\$2,993,398
School District's Covered Payroll	\$6,599,607	\$6,539,221	\$6,421,857	\$6,216,793	\$5,908,486
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	-14.39%	-14.18%	-14.13%	36.33%	50.66%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	182.10%	174.70%	176.00%	47.10%	37.30%

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

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

See accompanying notes to the required supplementary information

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

	2021	2020	2019	2018
Net Pension Liability				
Contractually Required Contribution	\$304,928	\$309,707	\$311,908	\$317,841
Contributions in Relation to the Contractually Required Contribution	(304,928)	(309,707)	(311,908)	(317,841)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$2,178,057	\$2,212,193	\$2,310,430	\$2,354,378
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$37,682	\$38,675	\$50,448	\$46,595
Contributions in Relation to the Contractually Required Contribution	(37,682)	(38,675)	(50,448)	(46,595)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.73%</u>	<u>1.75%</u>	<u>2.18%</u>	<u>1.98%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.73%</u>	<u>15.75%</u>	<u>15.68%</u>	<u>15.48%</u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
\$322,537	\$287,688	\$279,041	\$274,228	\$242,215	\$236,429
(322,537)	(287,688)	(279,041)	(274,228)	(242,215)	(236,429)
\$0	\$0	\$0	\$0	\$0	\$0
\$2,303,836	\$2,054,914	\$2,117,155	\$1,978,557	\$1,750,111	\$1,757,840
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%
\$34,887	\$30,158	\$49,012	\$33,912	\$31,930	\$36,563
(34,887)	(30,158)	(49,012)	(33,912)	(31,930)	(36,563)
\$0	\$0	\$0	\$0	\$0	\$0
1.51%	1.47%	2.31%	1.71%	1.82%	2.08%
15.51%	15.47%	15.49%	15.57%	15.66%	15.53%

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Net Pension Liability				
Contractually Required Contribution	\$943,502	\$923,945	\$915,491	\$899,060
Contributions in Relation to the Contractually Required Contribution	<u>(943,502)</u>	<u>(923,945)</u>	<u>(915,491)</u>	<u>(899,060)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$6,739,300	\$6,599,607	\$6,539,221	\$6,421,857
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
\$870,351	\$827,188	\$808,963	\$738,457	\$746,937	\$776,322
<u>(870,351)</u>	<u>(827,188)</u>	<u>(808,963)</u>	<u>(738,457)</u>	<u>(746,937)</u>	<u>(776,322)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$6,216,793	\$5,908,486	\$5,778,307	\$5,680,436	\$5,745,669	\$5,971,708
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
\$0	\$0	\$0	\$56,804	\$57,457	\$59,717
<u>0</u>	<u>0</u>	<u>0</u>	<u>(56,804)</u>	<u>(57,457)</u>	<u>(59,717)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

See accountant's compilation report

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

Net Pension Liability

Changes in Benefit Terms – SERS

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

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

Changes in Assumptions – SERS

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

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

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

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

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

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

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

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

Net OPEB Liability

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:	
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

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

In fiscal year 2021, the discount rate was changed from 3.22% to 2.63%

In fiscal year 2020, the discount rate was changed from 3.70% to 3.22%

In fiscal year 2019, the discount rate was changed from 3.63% to 3.70%. The health care trend rates were also updated.

In fiscal year 2018, the discount rate was change from 2.98% to 3.63%.

In fiscal year 2017, the following assumptions were changed:

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%

- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:
 - o RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females.
- Mortality among service retired members, and beneficiaries was updated to the following:
 - o 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 updated to the following:
 - o 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.

Changes in Assumptions – STRS

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

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

Changes in Benefit Terms – STRS OPEB

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

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base

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

premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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

For fiscal year 2021, 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 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.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE 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 Grant Year	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	2020-2021	\$ 0	\$ 41,618
Cash Assistance:				
School Breakfast Program	10.553	2020-2021	0	87,184
School Breakfast Program - COVID 19		2020-2021	0	25,436
National School Lunch Program	10.555	2020-2021	0	305,277
National School Lunch Program - COVID 19		2020-2021	0	71,366
Total Child Nutrition Cluster			0	530,881
Total U.S. Department of Agriculture			0	530,881
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	2020 2021	0 0	113,001 572,445
Total Title I Grants to Local Educational Agencies			0	685,446
Special Education Cluster:				
Special Education Grants to States	84.027	2020 2021	0 0	42,570 222,250
Total Special Education Grants to States			0	264,820
Special Education Preschool Grants	84.173	2021	0	4,642
Total Special Education Cluster			0	269,462
Supporting Effective Instruction State Grants	84.367	2020 2021	0 0	10,498 50,847
Total Supporting Effective Instruction State Grants			0	61,345
Student Support and Academic Enrichment Program	84.424	2020 2021	0 0	4,921 36,365
Total Student Support and Academic Enrichment Program			0	41,286
COVID-19 Education Stabilization Fund	84.425D	2021 2022	0 0	501,573 340,001
Total COVID-19 Education Stabilization Fund			0	841,574
Total U.S. Department of Education			0	1,899,113
U.S. DEPARTMENT OF TREASURY				
<i>Passed Through Ohio Department of Education</i>				
COVID-19 Coronavirus Relief Fund	21.019	2021	0	235,176
Total U.S. Department of Treasury			0	235,176
Total Expenditures of Federal Awards			\$ 0	\$ 2,665,170

The accompanying notes are an integral part of this schedule.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE 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 Ironton City School District (the School District's) 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



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

Ironton City School District
Lawrence County
105 South Fifth Street
Ironton, Ohio 45638

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 Ironton City School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 28, 2022. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the 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 School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

March 28, 2022

OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215
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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

Ironton City School District
Lawrence County
105 South Fifth Street
Ironton, Ohio 45638

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Ironton City School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Ironton 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 School District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

This report only describes the scope of our 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 28, 2022

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE 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):	COVID-19 Education Stabilization Fund – Federal AL # 84.425D
(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



IRONTON CITY SCHOOL DISTRICT

LAWRENCE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 4/19/2022

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

This report is a matter of public record and is available online at
www.ohioauditor.gov