



OHIO AUDITOR OF STATE
KEITH FABER



**NORWOOD CITY SCHOOL DISTRICT
HAMILTON COUNTY
JUNE 30, 2021**

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**NORWOOD CITY SCHOOL DISTRICT
HAMILTON COUNTY
JUNE 30, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Norwood City School District
Hamilton County
2123 Williams Avenue
Norwood, Ohio 45212

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position 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 18 to the financial statements, during 2021, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Also as discussed in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, prominent "K" and "F".

Keith Faber
Auditor of State
Columbus, Ohio
March 10, 2022

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Norwood City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

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

Financial Highlights

Key financial highlights for 2021 are as follows:

- Net position of governmental activities increased \$6,374,000 which represents a 111% increase from 2020. This is mainly due to an increase in property tax revenue.
- General revenues accounted for \$36,152,644 in revenue or 83% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$7,624,286 or 17% of total revenues of \$43,776,930.
- The District had \$37,402,930 in expenses related to governmental activities; \$7,624,286 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$36,152,644 were also used to provide for these programs.

Overview of the Financial Statements

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

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

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The Government-wide Financial Statements answers this question. These statements include *all assets, deferred outflows, liabilities, and deferred inflows* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Norwood City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

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

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

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

Fund Financial Statements

The analysis of the District's major funds begins on the balance sheet. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

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

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

The District as a Whole

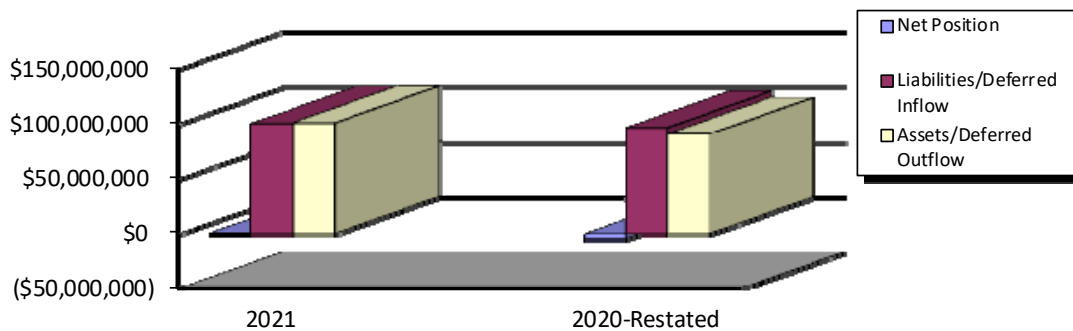
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for fiscal year 2021 compared to fiscal year 2020:

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**Norwood City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

**Table 1
Net Position**

	Governmental Activities	
	2021	2020-Restated
Assets:		
Current and Other Assets	\$59,897,034	\$56,834,065
Net OPEB Asset	2,004,776	1,851,165
Capital Assets	<u>30,832,577</u>	<u>24,252,918</u>
Total Assets	<u>92,734,387</u>	<u>82,938,148</u>
Deferred Outflows of Resources:		
OPEB	1,186,194	1,048,524
Pension	<u>6,474,830</u>	<u>6,441,445</u>
Total Deferred Outflows of Resources	<u>7,661,024</u>	<u>7,489,969</u>
Liabilities:		
Other Liabilities	4,777,022	4,512,254
Long-Term Liabilities	<u>78,406,405</u>	<u>68,465,740</u>
Total Liabilities	<u>83,183,427</u>	<u>72,977,994</u>
Deferred Inflows of Resources:		
Property Taxes	10,303,798	16,255,864
Grants and Other Taxes	2,100,167	2,385,214
OPEB	3,834,594	3,135,629
Pension	<u>366,554</u>	<u>1,440,545</u>
Total Deferred Inflows of Resources	<u>16,605,113</u>	<u>23,217,252</u>
Net Position:		
Net Investment in Capital Assets	3,788,155	3,850,593
Restricted	10,997,141	7,997,850
Unrestricted	<u>(14,178,425)</u>	<u>(17,615,572)</u>
Total Net Position	<u>\$606,871</u>	<u>(\$5,767,129)</u>



Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$606,871.

Norwood City School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

At year-end, capital assets represented 33% of total assets. Capital assets include land, construction in progress, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2021, were \$3,788,155. These capital assets are used to provide services to the students and are not available for future spending. Although the District’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District’s net position, \$10,997,141 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Net position of governmental activities increased \$6,374,000 from 2020 to 2021. Capital assets increased due to depreciation being lower than the additions for the current year. Long-term liabilities increased slightly from 2020 to 2021.

Table 2 shows the changes in net position for fiscal years 2021 and 2020.

Table 2
Changes in Net Position

	Governmental Activities	
	2021	2020-Restated
Revenues:		
Program Revenues		
Charges for Services	\$697,228	\$806,215
Operating Grants, Contributions	6,927,058	5,682,057
General Revenues:		
Property Taxes	25,743,645	14,372,018
Grants and Entitlements	6,932,802	7,149,689
Revenue in Lieu of Taxes	1,896,948	2,797,737
Other	1,579,249	1,493,723
Total Revenues	<u>\$43,776,930</u>	<u>\$32,301,439</u>
Expenses:		
Instruction	22,954,460	23,471,177
Support Services:		
Pupil and Instructional Staff	4,113,788	3,670,696
School Administrative, General		
Administration, Fiscal and Business	3,488,898	3,394,742
Operations and Maintenance	2,724,436	2,800,840
Pupil Transportation	533,428	585,824
Central	488,116	614,982
Operation of Non-Instructional Services	929,056	1,031,964
Extracurricular Activities	765,681	879,696
Interest and Fiscal Charges	1,405,067	1,206,853
Total Expenses	<u>37,402,930</u>	<u>37,656,774</u>
Change in Net Position	6,374,000	(5,355,335)
Net Position - Beginning of Year, restated	<u>(5,767,129)</u>	<u>(411,794)</u>
Net Position - End of Year	<u><u>\$606,871</u></u>	<u><u>(\$5,767,129)</u></u>

**Norwood City School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

Of the total governmental activities revenues of \$43,776,930, \$7,624,286 is from program revenue. This means that the government relies on general revenues to fund the majority of the cost of services provided to the citizens. Of the total governmental activities revenues, \$25,743,645 (59%) comes from property tax levies and \$6,932,802 (18%) is from state funding. This District’s operations are reliant upon its property tax levy and the state’s foundation program.

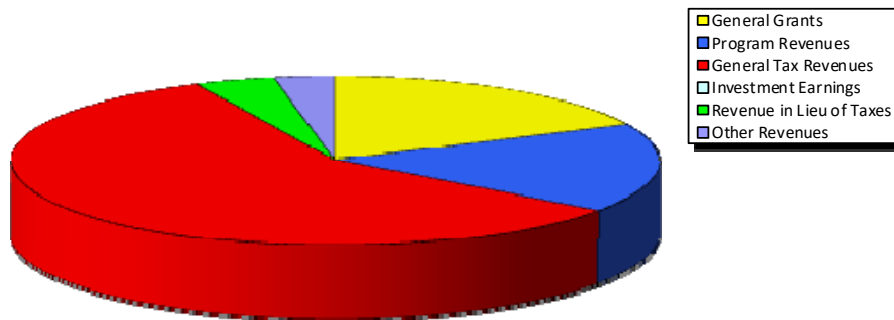
The District revenues are mainly from two sources. Property taxes levied for general purposes, debt service and capital projects and grants and entitlements comprised 75% of the District’s revenues for governmental activities.

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

Thus Ohio districts do not collect additional property tax revenue on the increased value of homes that is due to appreciation and must regularly return to the voters to maintain a constant level of service. Property taxes made up 58% of revenue for governmental activities for the District in fiscal year 2021.

**Governmental Activities
Revenue Sources**

Revenue Sources	2021	Percentage
General Grants	\$6,932,802	18%
Program Revenues	7,624,286	17%
General Tax Revenues	25,743,645	58%
Investment Earnings	101,210	0%
Revenue in Lieu of Taxes	1,896,948	4%
Other Revenues	1,478,039	3%
	<u>\$43,776,930</u>	<u>100%</u>



Instruction comprises 61% of governmental program expenses. Support services expenses were 30% of governmental program expenses. All other program expenses including interest and fiscal charges were 9%. Interest expense was attributable to the outstanding lease purchase agreement and borrowing for capital projects.

Norwood City School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Total revenues increased in 2021 compared to 2020 due to an increase in property and other taxes revenue. Total expenses decreased from 2020 to 2021 mainly due to changes related to net pension liability and other post employment benefits liability.

Governmental Activities

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2021	2020-Restated	2021	2020-Restated
Instruction	\$22,954,460	\$23,471,177	(\$18,023,661)	(\$19,225,432)
Support Services:				
Pupil and Instructional Staff	4,113,788	3,670,696	(2,778,186)	(2,490,511)
School Administrative, General				
Administration, Fiscal and Business	3,488,898	3,394,742	(3,186,707)	(3,393,336)
Operations and Maintenance	2,724,436	2,800,840	(2,697,968)	(2,792,576)
Pupil Transportation	533,428	585,824	(460,982)	(483,599)
Central	488,116	614,982	(395,788)	(485,315)
Operation of Non-Instructional Services	929,056	1,031,964	(144,915)	(323,318)
Extracurricular Activities	765,681	879,696	(685,370)	(767,562)
Interest and Fiscal Charges	1,405,067	1,206,853	(1,405,067)	(1,206,853)
Total Expenses	<u>\$37,402,930</u>	<u>\$37,656,774</u>	<u>(\$29,778,644)</u>	<u>(\$31,168,502)</u>

The District’s Funds

The District has three major governmental funds: the General Fund, Capital Projects Fund, and the Building Fund. Assets of the general fund comprised \$31,566,597 (52%), assets of the capital projects fund comprised \$7,907,608 (13%), and assets of the building fund comprised \$13,332,883(22%) of the total \$60,247,758 governmental funds assets.

General Fund: Fund balance at June 30, 2021 was \$16,424,136, an increase in fund balance of \$5,848,673 from 2020. The fund balance increased due to an increase in property tax revenues from 2020 to 2021.

Capital Projects Fund: Fund balance at June 30, 2021 was \$7,244,432, an increase in fund balance of \$1,002,095 from 2020. The primary reason for the increase in fund balance was due to an increase in property tax revenues received from 2020 to 2021.

Building Fund: Fund balance at June 30, 2021 was \$12,312,791, an increase in fund balance of \$402,007 from 2020. The primary reason for the increase in fund balance was due to revenues exceeding expenditures during 2021.

**Norwood City School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)**

General Fund Budgeting Highlights

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

During the course of fiscal year 2021, the District amended its general fund budget at times, however none were significant. The District’s budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, the final budgeted revenue was \$29,129,479 and the original budgeted revenue was \$28,126,563.

The District’s final budgeted revenue was \$90,344 more than actual revenue. This was due to underestimating tax and intergovernmental revenues.

The District’s ending unobligated actual fund balance for the General fund was \$10,862,455.

Capital Assets and Long-Term Obligations

Capital Assets

At the fiscal year end, the District had \$30,832,577 invested in land, construction in progress, buildings and improvements, and equipment. Table 4 shows fiscal year 2021 balances compared to fiscal year 2020:

**Table 4
Capital Assets at Year End
(Net of Depreciation)**

	Governmental Activities	
	2021	2020
Land	\$520,809	\$520,809
Construction in Progress	24,371,383	17,395,132
Buildings and Improvements	5,605,945	6,104,443
Equipment	334,440	232,534
Total Net Capital Assets	<u>\$30,832,577</u>	<u>\$24,252,918</u>

Overall, capital assets increased due to depreciation expense being less than current fiscal year additions.

See Note 5 in the notes to the basic financial statements for further details on the District’s capital assets.

Long-Term Obligations

At June 30, 2021, the District had \$38,119,040 in debt outstanding, \$1,135,000 due within one year. Table 5 summarizes long-term obligations outstanding.

Norwood City School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2021	2020
2021 School Improvement GO Bonds	\$7,500,000	\$0
2021 School Improvement GO Bonds - Premium	575,896	0
2017 School Improvement GO Bonds	\$28,005,000	28,570,000
2017 School Improvement GO Bonds - Premium	2,038,144	2,103,891
2013 Lease-purchase agreement	0	487,500
Total	<u>\$38,119,040</u>	<u>\$31,161,391</u>

See Note 10 in the notes to the basic financial statements for further details on the District’s outstanding debt.

For the Future

The District’s demographics continue to point toward economic challenges as enrollment decreases. And while the District’s per pupil valuation is above state average the taxpayer median income trails that of the state of Ohio as a whole.

The District’s school buildings are older and voters did approve new levies in November of 2016 to address issues such as air conditioning, safety, roofing, and utilities. The project is expected to exceed \$42,000,000 and while it only addresses the fundamentals, the work will help ensure that the District’s facilities can support the educational programs. The repairs and renovations included in the project will also help to lower ongoing maintenance cost and effort.

Like many school districts in Ohio, Norwood’s general operating fund projects to trend toward revenue shortfall and that is with the passage of a renewal of an existing levy. Current cash reserves provide a stable environment through fiscal year 2022 and ongoing effort to maintain levies, pursue new sources of revenue, and contain as well as cut costs will help in the pursuit of financial success beyond fiscal year 2022. The District has cut staffing both after fiscal year 2019 and fiscal year 2020 and is currently in a hiring freeze. The District continues to work to reduce the budget in order to stay within revenue limits.

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer’s office at Norwood City School District, 2132 Williams Avenue, Norwood, Ohio 45212.

Norwood City School District
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$35,563,487
Restricted Cash and Investments	188,065
Receivables (Net):	
Taxes	21,167,929
Accounts	9,364
Interest	17,858
Intergovernmental	2,908,801
Prepays	41,530
Nondepreciable Capital Assets	24,892,192
Depreciable Capital Assets, Net	5,940,385
Net OPEB Asset	2,004,776
Total Assets	92,734,387
Deferred Outflows of Resources:	
Pension	6,474,830
OPEB	1,186,194
Total Deferred Outflows of Resources	7,661,024
Liabilities:	
Accounts Payable	483,777
Accrued Wages and Benefits	3,050,898
Contracts Payable	852,027
Retainage Payable	168,065
Accrued Interest Payable	222,255
Long-Term Liabilities:	
Due Within One Year	1,303,523
Due In More Than One Year:	
Net Pension Liability	35,549,739
Net OPEB Liability	2,719,150
Other Amounts	38,833,993
Total Liabilities	83,183,427
Deferred Inflows of Resources:	
Property Taxes	10,303,798
Grants and Other Taxes	2,100,167
OPEB	3,834,594
Pension	366,554
Total Deferred Inflows of Resources	16,605,113
Net Position:	
Net Investment in Capital Assets	3,788,155
Restricted for:	
Local Grants	33,121
District Managed Student Activity	129,917
State Grants	645,385
Federal Grants	220,581
Nonexpendable	20,000
Expendable	26,825
Capital Projects	5,576,258
Debt Service	3,878,312
Other Purposes	466,742
Unrestricted	(14,178,425)
Total Net Position	\$606,871

See accompanying notes to the basic financial statements.

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

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$14,856,184	\$289,253	\$2,022,797	(\$12,544,134)
Special	6,790,444	314,754	2,046,001	(4,429,689)
Vocational	336	0	5,689	5,353
Other	1,307,496	0	252,305	(1,055,191)
Support Services:				
Pupil	3,271,908	0	1,016,479	(2,255,429)
Instructional Staff	841,880	0	319,123	(522,757)
General Administration	37,580	0	0	(37,580)
School Administration	2,255,958	0	5,567	(2,250,391)
Fiscal	905,185	0	0	(905,185)
Business	290,175	0	296,624	6,449
Operations and Maintenance	2,724,436	9,694	16,774	(2,697,968)
Pupil Transportation	533,428	0	72,446	(460,982)
Central	488,116	0	92,328	(395,788)
Operation of Non-Instructional Services	929,056	3,216	780,925	(144,915)
Extracurricular Activities	765,681	80,311	0	(685,370)
Interest and Fiscal Charges	1,405,067	0	0	(1,405,067)
Totals	\$37,402,930	\$697,228	\$6,927,058	(29,778,644)

General Revenues:

Property Taxes Levied for:

General Purposes	21,651,691
Debt Service Purposes	2,796,771
Capital Projects Purposes	1,295,183
Grants and Entitlements, Not Restricted	6,932,802
Revenue in Lieu of Taxes	1,896,948
Unrestricted Contributions	508,972
Investment Earnings	101,210
Other Revenues	969,067

Total General Revenues 36,152,644

Change in Net Position 6,374,000

Net Position - Beginning of Year, Restated (5,767,129)

Net Position - End of Year \$606,871

See accompanying notes to the basic financial statements.

Norwood City School District
Balance Sheet
Governmental Funds
June 30, 2021

	General	Capital Projects	Building	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$11,280,531	\$6,823,001	\$13,164,818	\$4,295,137	\$35,563,487
Restricted Cash and Investments	0	0	168,065	20,000	188,065
Receivables (Net):					
Taxes	17,859,370	1,084,607	0	2,223,952	21,167,929
Accounts	8,964	0	0	400	9,364
Interest	17,858	0	0	0	17,858
Intergovernmental	2,100,167	0	0	808,634	2,908,801
Interfund	262,882	0	0	87,842	350,724
Prepays	36,825	0	0	4,705	41,530
Total Assets	31,566,597	7,907,608	13,332,883	7,440,670	60,247,758
Liabilities:					
Accounts Payable	251,745	48,569	0	183,463	483,777
Accrued Wages and Benefits	2,700,068	0	0	350,830	3,050,898
Compensated Absences	30,594	0	0	0	30,594
Contracts Payable	0	0	852,027	0	852,027
Retainage Payable	0	0	168,065	0	168,065
Interfund Payable	87,842	0	0	262,882	350,724
Total Liabilities	3,070,249	48,569	1,020,092	797,175	4,936,085
Deferred Inflows of Resources:					
Property Taxes	9,959,370	614,607	0	1,193,952	11,767,929
Grants and Other Taxes	2,100,167	0	0	262,130	2,362,297
Investment Earnings	12,675	0	0	0	12,675
Total Deferred Inflows of Resources	12,072,212	614,607	0	1,456,082	14,142,901
Fund Balances:					
Nonspendable	36,825	0	0	24,705	61,530
Restricted	0	4,338,085	12,312,791	5,304,517	21,955,393
Committed	0	2,906,347	0	0	2,906,347
Assigned	204,509	0	0	26,825	231,334
Unassigned	16,182,802	0	0	(168,634)	16,014,168
Total Fund Balances	16,424,136	7,244,432	12,312,791	5,187,413	41,168,772
Total Liabilities, Deferred Inflows and Fund Balances	\$31,566,597	\$7,907,608	\$13,332,883	\$7,440,670	\$60,247,758

See accompanying notes to the basic financial statements.

Norwood City School District
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2021

Total Governmental Fund Balance \$41,168,772

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

Capital assets used in governmental activities are not financial
 resources and, therefore, are not reported in the funds.

Capital assets used in the operation of Governmental Funds 30,832,577

Other long-term assets are not available to pay for current-
 period expenditures and, therefore, are deferred in the funds.

Delinquent Property Taxes	1,464,131	
Interest	12,675	
Intergovernmental	<u>262,130</u>	
		1,738,936

In the statement of net position interest payable is accrued when
 incurred; whereas, in the governmental funds interest is
 reported as a liability only when it will require the use of
 current financial resources.

(222,255)

Some liabilities reported in the statement of net position do not
 require the use of current financial resources and, therefore,
 are not reported as liabilities in governmental funds.

Compensated Absences (1,987,882)

Deferred outflows and inflows or resources related to pensions and OPEB
 are applicable to future periods and, therefore, are not
 reported in the funds.

Deferred outflows of resources related to pensions	6,474,830	
Deferred inflows of resources related to pensions	(366,554)	
Deferred outflows of resources related to OPEB	1,186,194	
Deferred inflows of resources related to OPEB	<u>(3,834,594)</u>	
		3,459,876

Long-term liabilities and net OPEB assets are not available to pay for
 current period expenditures and are not due and payable in the
 current period and, therefore, are not reported in the funds.

Net OPEB Asset	2,004,776	
Net Pension Liability	(35,549,739)	
Net OPEB Liability	(2,719,150)	
Other Amounts	<u>(38,119,040)</u>	
		<u>(74,383,153)</u>

Net Position of Governmental Activities \$606,871

See accompanying notes to the basic financial statements.

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

	General	Capital Projects	Building	Other Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Taxes	\$21,601,169	\$1,295,011	\$0	\$2,782,544	\$25,678,724
Tuition and Fees	509,715	0	0	0	509,715
Investment Earnings	0	2,128	86,455	25,315	113,898
Intergovernmental	9,534,647	14,119	0	4,983,699	14,532,465
Extracurricular Activities	95,929	0	0	81,893	177,822
Charges for Services	0	0	0	3,216	3,216
Revenue in Lieu of Taxes	1,896,942	2	0	4	1,896,948
Other Revenues	587,531	90,000	0	312,398	989,929
Total Revenues	34,225,933	1,401,260	86,455	8,189,069	43,902,717
Expenditures:					
Current:					
Instruction:					
Regular	12,124,893	125,233	0	1,172,668	13,422,794
Special	5,111,321	0	0	1,164,148	6,275,469
Vocational	336	0	0	0	336
Other	1,297,093	0	0	10,403	1,307,496
Support Services:					
Pupil	2,233,398	0	0	834,793	3,068,191
Instructional Staff	366,301	0	0	383,643	749,944
General Administration	37,580	0	0	0	37,580
School Administration	1,993,543	0	0	5,098	1,998,641
Fiscal	810,623	13,383	0	28,561	852,567
Business	4,649	0	0	284,994	289,643
Operations and Maintenance	2,293,310	197,367	0	21,899	2,512,576
Pupil Transportation	519,170	0	0	14,258	533,428
Central	351,083	0	0	88,344	439,427
Operation of Non-Instructional Services	0	0	0	886,572	886,572
Extracurricular Activities	512,163	2,500	0	110,729	625,392
Capital Outlay	22,923	60,682	7,184,448	0	7,268,053
Debt Service:					
Principal Retirement	0	0	0	1,052,500	1,052,500
Interest and Fiscal Charges	0	0	0	1,460,688	1,460,688
Total Expenditures	27,678,386	399,165	7,184,448	7,519,298	42,781,297
Excess of Revenues Over (Under) Expenditures	6,547,547	1,002,095	(7,097,993)	669,771	1,121,420
Other Financing Sources (Uses):					
Issuance of Long-Term Capital-Related Debt	0	0	7,500,000	0	7,500,000
Premium on Bonds Issued	0	0	0	575,896	575,896
Transfers In	0	0	0	698,874	698,874
Transfers (Out)	(698,874)	0	0	0	(698,874)
Total Other Financing Sources (Uses)	(698,874)	0	7,500,000	1,274,770	8,075,896
Net Change in Fund Balance	5,848,673	1,002,095	402,007	1,944,541	9,197,316
Fund Balance - Beginning of Year, Restated	10,575,463	6,242,337	11,910,784	3,242,872	31,971,456
Fund Balance - End of Year	\$16,424,136	\$7,244,432	\$12,312,791	\$5,187,413	\$41,168,772

See accompanying notes to the basic financial statements.

Norwood City School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2021

Net Change in Fund Balance - Total Governmental Funds \$9,197,316

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

Governmental funds report capital asset additions as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.

Capital assets used in governmental activities	7,346,614	
Depreciation Expense	(766,955)	
		6,579,659

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

District pension contributions	2,523,060	
Cost of benefits earned net of employee contributions - Pensions	(4,776,851)	
District OPEB contributions	81,250	
Cost of benefits earned net of employee contributions - OPEB	11,455	
		(2,161,086)

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

Delinquent Property Taxes	64,921	
Interest	(12,688)	
Intergovernmental	(178,020)	
		(125,787)

In the statement of activities, certain costs and proceeds associated with long-term debt obligations issued during the year are accrued and amortized over the life of the debt obligation. In governmental funds these costs and proceeds are recognized as financing sources and uses.

Premium on Bonds Issued		(575,896)
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Repayment of the lease purchase agreement and bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

1,052,500

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

(10,126)

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

Compensated Absences	(148,327)	
Amortization of Bond Premium	65,747	
		(82,580)

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net position.

(7,500,000)

Change in Net Position of Governmental Activities

\$6,374,000

See accompanying notes to the basic financial statements.

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Norwood City School District, Ohio (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.

Reporting Entity

The School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally elected Board of Education (five members) and is responsible for the education of the residents of the School District.

The reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities. 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. The School District has no component units.

The District is associated with three jointly governed organizations. These organizations are:

Jointly Governed Organizations:
Southwestern Ohio Computer Association
Great Oaks Career Campuses
Greater Cincinnati Insurance Consortium

These organizations are presented in Note 11.

Basis of Presentation

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

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which the governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

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

Fund Financial Statements Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Fund Accounting

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

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

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

Capital Projects – Fund used to account for all transactions relating to acquiring, constructing or improving permanent improvements other than those authorized by special bond funds.

Building Fund – A fund used to account for the receipts and expenditures related to all special bond funds in the School District. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

Fiduciary Funds report on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District does not have any fiduciary funds.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made.

The modified accrual basis of accounting is used by the governmental funds. On a modified accrual basis, revenues are recorded when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end. Under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, interest, tuition, student fees, and grants.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable except for unmatured principal and interest on general long-term debt which is recognized when due. Allocations of cost, such as depreciation, are not recognized in the governmental funds.

Government-wide financial statements are prepared using the accrual basis of accounting. Also, private-purpose trust and agency funds utilize accrual accounting. Revenues are recognized when earned and expenses are recognized when incurred.

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.

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

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 includes pension and other post employment benefits (OPEB). These amounts are reported on the government-wide statement of net position. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 7 and 8.

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

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 investment earnings, OPEB, property tax, pension, and grants and other taxes which includes tax incremental financing (TIF). Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal 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. Grants and investment earnings are reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Other taxes are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension, OPEB, (see Notes 7 and 8) and other taxes are reported on the government-wide statement of net position.

Equity in Pooled Cash and Investments

Cash received by the School District is pooled in a central bank account. Monies for all funds are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the balance sheet.

During fiscal year 2021, the School District's investments were limited to Commercial Paper, Federal Farm Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association, Treasury Notes, Federal Home Loan Mortgage Corporation, Certificates of Deposit, STAR Ohio, and Money Market Funds. Investments are reported at fair value, which is based on quoted market prices.

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 expenditure/expense is reported in the year in which services are consumed.

Capital Assets

Capital assets, which include land, buildings, building improvements, and equipment, are reported in the government-wide financial statements. The School District defines capital assets as those with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are capitalized at cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at their estimated acquisition values as of the date received. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements. Capital assets are reported as expenditures of the current period in the governmental fund financial statements.

All reported capital assets except land are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and Improvements	10-30 years
Equipment	3-5 years

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

Interfund Balances

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

Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that have matured, for example, as a result of employee resignations and retirements.

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 those, 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, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. The lease purchase agreement will be paid from governmental funds are recognized as a liability in the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net 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.

Net Position

Net position represents the difference between assets and deferred inflows of resources, and liabilities and deferred outflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Of the School District's \$10,997,141 in restricted net position, none were restricted for enabling legislation.

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

Fund Balance

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

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

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

Committed – resources that can be used only for the specific purposes imposed by a formal action (board resolution) of the District's Board of Education. The Board of Education is the highest level of decision making authority for the District. Those committed resources cannot be used for any other purpose unless the District's Board of Education removes or changes the specified use by taking the same type of action (board resolution) it employed to previously commit those resources.

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

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

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

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 imposed by creditors, contributors, grantors, laws of other government or imposed by enabling legislation. Restricted assets included the amount for non expendable amount related to the permanent fund.

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

Estimates

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

Note 2 - Deposits and Investments

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies that 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 pass book accounts.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States.
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
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.

Norwood City School District
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6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and amended by GASB Statement No. 40 "Deposit and Investment Risk Disclosures".

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2021, \$1,652,728 of the School District's bank balance of \$1,902,728 was exposed to custodial credit risk because it was uninsured and collateralized.

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% of the deposits being secured; or

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

Norwood City School District
Notes to the Basic Financial Statements
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Investments

As of June 30, 2021, the School District had the following investments:

	<u>Value</u>	<u>Fair Value Hierarchy</u>	<u>Weighted Average Maturity (Years)</u>
Federal Farm Credit Bank	\$1,970,599	Level 2	3.48
Federal Home Loan Bank	2,223,480	Level 2	2.86
Federal Home Loan Mortgage Corporation	1,045,979	Level 2	1.99
Federal National Mortgage Association	849,394	Level 2	3.80
Treasury Note	2,202,759	Level 2	1.64
Certificates of Deposit	5,802,814	Level 2	0.82
Commercial Paper	9,525,475	Level 2	0.36
STAR Ohio	7,382,587	N/A	0.15
Money Market Funds	3,086,594	N/A	0.00
Total Investments	<u>\$34,089,681</u>		
Portfolio Weighted Average Maturity			0.92

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2021. STAR Ohio is reported at its share price (Net Asset value per share).

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

Credit Risk – It is the School District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. The School District's investments in, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Home Loan Bank were rated AAA by Standard & Poor's and Fitch ratings and Aaa by Moody's Investors Service. Investments in Treasury Notes were rated AA by Standard & Poor's and Fitch ratings. Commercial Paper was rated A-1+ by Standard & Poor's. Investments in STAR Ohio were rated AAAM by Standard & Poor's. Money Market funds and Certificates of Deposit were not rated.

Concentration of Credit Risk – The School District's investment policy allows investments in U.S. Agencies or Instrumentalities. The School District has invested 6% in Federal Farm Credit Bank, 28% in Commercial Paper, 17% in Certificates of Deposit, 7% in Federal Home Loan Bank, 2% in Federal National Mortgage Association, 6% in Treasury Note, 3% in Federal Home Loan Mortgage Corporation, 22% in STAR Ohio, and 9% in Money Market Funds.

Custodial Credit Risk – The risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District's securities are either insured and registered in the name of the School District or at least registered in the name of the School District.

Norwood City School District
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Note 3 – Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on real property at 35 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31st; 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. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. The School District receives property taxes from Hamilton 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 2022 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes that became measurable as of June 30, 2021. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations in the General Fund.

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

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$443,187,120
Public Utility Personal	<u>24,727,450</u>
Total	<u>\$467,914,570</u>

Note 4 – Interfund Transactions

Interfund transactions at June 30, 2021, consisted of the following fund for interfund receivables, interfund payables, transfers in and transfers out:

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General Fund	\$262,882	\$87,842	\$0	\$698,874
Other Governmental Funds	<u>87,842</u>	<u>262,882</u>	<u>698,874</u>	<u>0</u>
Total All Funds	<u>\$350,724</u>	<u>\$350,724</u>	<u>\$698,874</u>	<u>\$698,874</u>

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The interfund loans (receivable and payables) were made to provide operating capital. These amounts are eliminated in the governmental activities column of the statement of net position.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 5 – Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$520,809	\$0	\$0	\$520,809
Constructions in Progress	17,395,132	7,184,448	208,197	24,371,383
Capital Assets, being depreciated:				
Buildings and Improvements	21,638,008	190,670	0	21,828,678
Equipment	1,819,053	179,693	0	1,998,746
Totals at Historical Cost	<u>41,373,002</u>	<u>7,554,811</u>	<u>208,197</u>	<u>48,719,616</u>
Less Accumulated Depreciation:				
Buildings and Improvements	15,533,565	689,168	0	16,222,733
Equipment	1,586,519	77,787	0	1,664,306
Total Accumulated Depreciation	<u>17,120,084</u>	<u>766,955</u>	<u>0</u>	<u>17,887,039</u>
Governmental Activities Capital Assets, Net	<u>\$24,252,918</u>	<u>\$6,787,856</u>	<u>\$208,197</u>	<u>\$30,832,577</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$304,053
Special	90,494
Support Services:	
Pupil	25,508
Instructional Staff	18,721
School Administration	18,098
Fiscal	447
Business	532
Operations and Maintenance	133,615
Central	27,149
Operation of Non-Instructional Services	17,105
Extracurricular Activities	131,233
Total Depreciation Expense	<u>\$766,955</u>

Norwood City School District
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Note 6 – Risk Management

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the School District contracted with Markel Insurance Company for general liability insurance with a \$2,000,000 aggregate limit covering all employees and volunteers of the School District.

Markel Insurance Company also provides property and fleet insurance and property holds a \$5,000 deductible and the maintenance vehicles have a \$500 deductible for comprehensive and collision and a \$1,000,000 limit per occurrence. Travelers Casualty and Surety Company maintains a \$25,000 crime policy for the Board President and Superintendent, a \$10,000 blanket crime policy for all employees, and maintains a \$250,000 public official bond for the Treasurer.

Settled claims have not exceeded coverage in any of the past three years. There has been no significant reduction in the coverage from last year.

Note 7 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

The net pension/OPEB liability (asset) represent the 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.

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The remainder of this note includes the required pension disclosures. See Note 8 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description

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.

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.

Changes in Benefits between Measurement Date and the Fiscal Year End

In September 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021. The effects of these changes are unknown.

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

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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 \$586,308 for fiscal year 2021. Of this amount \$59,434 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

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

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

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

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

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. 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 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 \$1,936,752 for fiscal year 2021. Of this amount \$322,792 is reported as accrued wages and benefits.

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$7,948,899	\$27,600,840	\$35,549,739
Proportion of the Net Pension Liability:			
Current Measurement Date	0.12017910%	0.11406983%	
Prior Measurement Date	<u>0.12487510%</u>	<u>0.11176915%</u>	
Change in Proportionate Share	-0.00469600%	0.00230068%	
Pension Expense	\$1,125,768	\$3,651,083	\$4,776,851

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

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	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$15,440	\$61,929	\$77,369
Changes of assumptions	0	1,481,632	1,481,632
Net difference between projected and actual earnings on pension plan investments	504,594	1,342,232	1,846,826
Changes in employer proportionate share of net pension liability	43,457	502,486	545,943
Contributions subsequent to the measurement date	586,308	1,936,752	2,523,060
Total Deferred Outflows of Resources	<u>\$1,149,799</u>	<u>\$5,325,031</u>	<u>\$6,474,830</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$176,489	\$176,489
Changes in employer proportionate share of net pension liability	170,328	19,737	190,065
Total Deferred Inflows of Resources	<u>\$170,328</u>	<u>\$196,226</u>	<u>\$366,554</u>

\$2,523,060 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year	SERS	STRS	Total
Ending June 30:			
2022	(\$64,207)	\$1,053,104	\$988,897
2023	89,063	549,888	638,951
2024	210,326	885,140	1,095,466
2025	157,981	703,921	861,902
Total	<u>\$393,163</u>	<u>\$3,192,053</u>	<u>\$3,585,216</u>

Actuarial Assumptions - SERS

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

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

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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%
Future Salary Increases, including inflation	3.50% - 18.20%
COLA or Ad Hoc COLA	2.50%
Investment Rate of Return	7.50% net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement. The most recent experience study was completed for the five year period ended June 30, 2015.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	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

Norwood City School District
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projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$10,889,021	\$7,948,899	\$5,482,081

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End

Based on a new experience study for the five years ending June 30, 2020, the SERS Board lowered the investment rate of return from 7.50 percent to 7.00 percent, lowered inflation from 3.00 percent to 2.40 percent, reduced wage inflation from 3.50 percent to 3.25 percent, reduced COLA from 2.50 percent to 2.00 percent, along with certain other changes for the actuarial valuation as of June 30, 2021. The effects of these changes are unknown.

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

Norwood City School District
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For The Fiscal Year Ended June 30, 2021

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

*10 Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, 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.

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

The following table presents the County'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 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%
Proportionate share of the net pension liability	\$39,298,791	\$27,600,840	\$17,687,801

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End

The STRS Board approved a change in the discount rate from 7.45 percent to 7.00 percent for the June 30, 2021 valuation. The effect on the net pension liability is unknown.

Note 8 - Defined Benefit OPEB Plans

See Note 7 for a description of the net OPEB liability (asset).

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.

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 \$81,250.

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 \$81,250 for fiscal year 2021.

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.

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

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.

Net OPEB Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 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:

	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability	\$2,719,150	\$0	\$2,719,150
Proportionate Share of the Net OPEB (Asset)	0	(2,004,776)	(2,004,776)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.12511460%	0.11406983%	
Prior Measurement Date	0.12802420%	0.11176915%	
Change in Proportionate Share	-0.00290960%	0.00230068%	
OPEB Expense	\$103,848	(\$115,303)	(\$11,455)

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

	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$35,713	\$128,458	\$164,171
Changes of assumptions	463,521	33,093	496,614
Net difference between projected and actual earnings on OPEB plan investments	30,639	70,260	100,899
Changes in employer proportionate share of net OPEB liability	324,401	18,859	343,260
Contributions subsequent to the measurement date	81,250	0	81,250
Total Deferred Outflows of Resources	<u>\$935,524</u>	<u>\$250,670</u>	<u>\$1,186,194</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$1,382,878	\$399,323	\$1,782,201
Changes of assumptions	68,489	1,904,202	1,972,691
Changes in employer proportionate share of net OPEB liability	73,405	6,297	79,702
Total Deferred Inflows of Resources	<u>\$1,524,772</u>	<u>\$2,309,822</u>	<u>\$3,834,594</u>

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

\$81,250 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2022	(\$111,867)	(\$513,791)	(\$625,658)
2023	(109,650)	(466,234)	(575,884)
2024	(110,011)	(449,550)	(559,561)
2025	(143,114)	(443,128)	(586,242)
2026	(139,898)	(90,109)	(230,007)
Thereafter	(55,958)	(96,340)	(152,298)
Total	(\$670,498)	(\$2,059,152)	(\$2,729,650)

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:

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Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

Inflation	3.00%
Wage Increases	3.50% to 18.20%
Investment Rate of Return	7.50% net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45%
Prior Measurement Date	3.13%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	2.63%
Prior Measurement Date	3.22%
Medical Trend Assumption:	
Medicare	5.25% to 4.75%
Pre-Medicare	7.00% to 4.75%

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

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

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	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%	

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

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 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.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
Proportionate share of the net OPEB liability	\$3,328,172	\$2,719,150	\$2,234,978
	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Proportionate share of the net OPEB liability	\$2,141,124	\$2,719,150	\$3,492,119

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End

Based on a new experience study for the five years ending June 30, 2020, the SERS Board reduced the wage growth assumption from 3.50 percent to 3.25 percent and increased the health care rate of return from 5.25 percent to 7.00 percent. The effects of these changes are unknown.

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:

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Payroll Increases	3.00%
Discount Rate of Return	7.45%
Health Care Cost Trends:	
Medical	
Pre-Medicare	5.00% initial, 4% ultimate
Medicare	-6.69% initial, 4% ultimate
Prescription Drug	
Pre-Medicare	6.50% initial, 4% ultimate
Medicare	11.87% initial, 4% ultimate

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

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

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

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

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

*10 Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, 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.

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 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%)
Proportionate share of the net OPEB (asset)	(\$1,744,285)	(\$2,004,776)	(\$2,225,792)
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$2,212,073)	(\$2,004,776)	(\$1,752,256)

Note 9 – Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements, Board resolutions and State laws. Eligible classified employees and administrators earn ten to thirty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators 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 for a total of 15 sick days of leave for each year under contract. During regular employment, sick leave may be accumulated, up to a maximum of 260 days for teachers, 310 days for administrators and 260 days for classified. Upon retirement, severance pay is based upon one-fourth of the accrual of sick days up to a maximum of 50 days for teachers, 60 days for administrators and 45 days for classified.

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

Note 10 – Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 2021 were as follows:

	Beginning Balance	Additions	Deductions	Ending Balance	Due In One Year
Governmental Activities:					
2017 School Improvement GO Bonds	\$28,570,000	\$0	(\$565,000)	\$28,005,000	\$685,000
2017 School Improvement GO Bonds - Premium	2,103,891	0	(65,747)	2,038,144	0
2021 School Improvement GO Bonds	0	7,500,000	0	7,500,000	450,000
2021 School Improvement GO Bonds - Premium	0	575,896	0	575,896	0
Subtotal Bonds	30,673,891	8,075,896	(630,747)	38,119,040	1,135,000
2013 Lease-Purchase Agreement	487,500	0	(487,500)	0	0
Compensated Absences	1,896,238	287,725	(165,487)	2,018,476	168,523
Subtotal Bonds and Other Amounts	33,057,629	8,363,621	(1,283,734)	40,137,516	1,303,523
Net Pension Liability:					
STRS	24,717,076	2,883,764	0	27,600,840	0
SERS	7,471,496	477,403	0	7,948,899	0
Total Net Pension Liability	32,188,572	3,361,167	0	35,549,739	0
Net OPEB Liability:					
STRS	0	0	0	0	0
SERS	3,219,539	0	(500,389)	2,719,150	0
Total Net OPEB Liability	3,219,539	0	(500,389)	2,719,150	0
Total Long-Term Obligations	\$68,465,740	\$11,724,788	(\$1,784,123)	\$78,406,405	\$1,303,523

Compensated Absences: Compensated absences will be paid from the funds from which the employees' salaries are paid.

Net Pension/OPEB Liability: There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

Lease-Purchase Agreement: In fiscal year 2013 the School District entered into a \$3,900,000 lease-purchase agreement. The lease-purchase agreement has an interest rate of 2.05% and will mature on December 1, 2020. Payments will be paid from the debt service fund.

School Improvement Bonds: Series 2017A and 2017B School Improvement Unlimited Tax General Obligation Bonds were issued on April 25, 2017 and bear an average interest rate of 3.5%. The bonds mature on November 1, 2051. Principal and interest are paid from the debt service fund.

Series 2021 School Improvement Limited Tax General Obligation Bonds were issued on February 9, 2021 and bear an average interest rate of 2.5%. The bonds mature on December 1, 2040. Principal and interest are paid from the debt service fund.

Principal and interest requirements to retire general obligation debt outstanding at year end are as follows:

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Norwood City School District
Notes to the Basic Financial Statements
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Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2022	\$1,135,000	\$1,419,550	\$2,554,550
2023	1,180,000	1,386,450	2,566,450
2024	1,165,000	1,363,450	2,528,450
2025	480,000	1,339,163	1,819,163
2026	510,000	1,326,487	1,836,487
2027-2031	3,295,000	6,346,913	9,641,913
2032-2036	4,600,000	5,667,287	10,267,287
2037-2041	6,150,000	4,824,019	10,974,019
2042-2046	5,935,000	3,706,362	9,641,362
2047-5051	8,840,000	1,958,100	10,798,100
2052	2,215,000	111,537	2,326,537
Total	<u>\$35,505,000</u>	<u>\$29,449,318</u>	<u>\$64,954,318</u>

Note 11 – Jointly Governed Organizations

Great Oaks Career Campuses

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

Southwest Ohio Computer Association (SWOCA)

The Southwest Ohio Computer Association (SWOCA), a jointly governed organization, was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the member schools of the four county consortium supports SWOCA based upon a per pupil charge dependent upon the software package utilized. SWOCA is governed by a Board of Directors consisting of one representative from each four districts plus one representative from the fiscal agent. The degree of control exercised by any participating school district is limited to its representation on the Board. To obtain financial information, write to the Southwestern Ohio Computer Association, at 3611 Hamilton-Middletown, Hamilton, Ohio 45011.

Greater Cincinnati Insurance Consortium

The School District is a member of the Greater Cincinnati Insurance Consortium (GCIC) which is a group insurance consortium. The consortium has 14 member schools and provides a wide range of group insurance benefits to each member schools employees and dependents and designated beneficiaries. The purpose of the consortium is to establish and maintain a fund to provide and/or purchase health insurance, dental insurance, life insurance and other insurance benefits to employees, their dependents and designated beneficiaries. The consortium is governed by a Board of Directors made up from one representative of each school district/service center.

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

Note 12 – Contingencies

Grants

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

Litigation

The School District is party to legal proceedings. The School District is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

Note 13 – Required Set-Asides

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

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

	Capital Acquisition
Set Aside Reserve Balance as of June 30, 2020	\$0
Current Year Set Aside Requirements	320,141
Qualified Disbursements	(381,849)
Current Year Offsets	0
Set Aside Reserve Balance as of June 30, 2021	(\$61,708)
Restricted Cash as of June 30, 2021	\$0

Since the School District had offsets and qualifying disbursements during the year that reduced the set aside amount for capital acquisitions to below zero, these extra amounts may not be used to reduce the set aside requirements of future years. The excess qualifying disbursements of the capital improvement set-aside may not be used to reduce the capital improvement set aside requirements of future years.

Note 14 – Deficit Fund Balances

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

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

<u>Fund</u>	<u>Deficit</u>
Other Governmental Funds:	
Title VI-B	\$28,130
Title I	90,060
Title VII-A	2,828
Food Service	42,526
Auxiliary Services	741

These deficit balances were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 15 – Fund Balances

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

Fund Balances	General	Capital Projects	Building	Other Governmental Funds	Total
Nonspendable:					
Permanent	\$0	\$0	\$0	\$20,000	\$20,000
Prepays	36,825	0	0	4,705	41,530
Total Nonspendable	36,825	0	0	24,705	61,530
Restricted for:					
Special Revenue	0	0	0	466,742	466,742
Local Grant	0	0	0	33,121	33,121
District Managed Student Activity	0	0	0	102,102	102,102
Miscellaneous State Grants	0	0	0	4,443	4,443
Career Development	0	0	0	3,211	3,211
Straight A Grant	0	0	0	62,045	62,045
Student Wellness and Success	0	0	0	576,331	576,331
Elementary and Secondary School Emergency Relief	0	0	0	40,442	40,442
21st Century	0	0	0	53,650	53,650
District Wide Student Activity Support	0	0	0	27,815	27,815
Debt Service	0	0	0	3,934,615	3,934,615
Capital Projects	0	4,338,085	0	0	4,338,085
Building	0	0	12,312,791	0	12,312,791
Total Restricted	0	4,338,085	12,312,791	5,304,517	21,955,393
Committed to:					
Capital Projects	0	2,906,347	0	0	2,906,347
Total Committed	0	2,906,347	0	0	2,906,347
Assigned to:					
Encumbrances	46,264	0	0	0	46,264
Public Support	158,245	0	0	0	158,245
Permanent	0	0	0	26,825	26,825
Total Assigned	204,509	0	0	26,825	231,334
Unassigned (Deficit)	16,182,802	0	0	(168,634)	16,014,168
Total Fund Balance	<u>\$16,424,136</u>	<u>\$7,244,432</u>	<u>\$12,312,791</u>	<u>\$5,187,413</u>	<u>\$41,168,772</u>

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

Note 16 – Construction and Other Commitments

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

<u>Description</u>	<u>Remaining Commitment</u>
General	\$298,009
Capital Projects	414,737
Building	11,782,456
Other Governmental	1,553,333

Note 17 – Tax Abatements entered Into By Other Governments

Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area (“CRA”) and Enterprise Zone (EZ) programs with the taxing districts of the School District. The CRA and EZ programs are directive incentive tax exemption programs benefiting property owners who renovate or construct new buildings. Under these programs, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the School District, the City of Norwood has entered into such agreements. Under these agreements the School District’s property taxes were reduced by an estimated \$4,000,000 annually. Payment in lieu of tax revenues were received to offset some of these losses.

Note 18 – Implementation of New Accounting Principles and Restatement of Net Position/Fund Balance

New Accounting Principles

For fiscal year 2021, the School District implemented GASB Statement No. 84, Fiduciary Activities and related guidance from (GASB) Implementation Guide No. 2019-2, Fiduciary Activities, and GASB Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and GASB Statements No. 61.

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

GASB Statement No. 90 improves consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the District.

Norwood City School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

Restatement of Fund Balance/Net Position

The implementation of GASB 84 had the following effect on fund balance as reported at June 30, 2020:

	General Fund	Other Governmental Funds
Fund Balance, June 30, 2020	\$10,562,470	\$3,193,408
Adjustments-Presentation Changes:		
GASB Statement No. 84	<u>12,993</u>	<u>49,464</u>
Restated Fund Balance, June 30, 2020	<u><u>\$10,575,463</u></u>	<u><u>\$3,242,872</u></u>

The implementation of the GASB 84 pronouncement had the following effect on the net position as reported at June 30, 2020:

	Governmental Activities
Net Position, June 30, 2020	(\$5,829,586)
Adjustments-Presentation Changes:	
GASB Statement No. 84	<u>62,457</u>
Restated Net Position, June 30, 2020	<u><u>(\$5,767,129)</u></u>

Note 19 – 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 District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. 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 20 – Subsequent Events

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.

REQUIRED SUPPLEMENTARY INFORMATION

Norwood City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Eight Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.12017910%	\$7,948,899	\$4,213,214	188.67%	68.55%
2020	0.12487510%	7,471,496	4,283,919	174.41%	70.85%
2019	0.12081750%	6,919,442	4,020,733	172.09%	71.36%
2018	0.10765700%	6,432,268	3,475,593	185.07%	69.50%
2017	0.10151450%	7,429,925	3,619,886	205.25%	62.98%
2016	0.09833420%	5,611,045	3,757,511	149.33%	69.16%
2015	0.09794300%	4,956,839	2,874,791	172.42%	71.70%
2014	0.09794300%	5,826,103	3,400,925	171.31%	65.52%

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

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

See accompanying notes to the required supplementary information.

Norwood City School District
 Required Supplementary Information
 Schedule of the District's Contributions for Net Pension Liability
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$586,308	(\$586,308)	\$0	\$4,187,914	14.00%
2020	589,850	(589,850)	0	4,213,214	14.00%
2019	578,329	(578,329)	0	4,283,919	13.50%
2018	542,799	(542,799)	0	4,020,733	13.50%
2017	486,583	(486,583)	0	3,475,593	14.00%
2016	506,784	(506,784)	0	3,619,886	14.00%
2015	495,240	(495,240)	0	3,757,511	13.18%
2014	398,446	(398,446)	0	2,874,791	13.86%
2013	470,688	(470,688)	0	3,400,925	13.84%
2012	449,856	(449,856)	0	3,344,654	13.45%

See accompanying notes to the required supplementary information.

Norwood City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Eight Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.11406983%	\$27,600,840	\$13,465,629	204.97%	75.48%
2020	0.11176915%	24,717,076	13,777,371	179.40%	77.40%
2019	0.11093762%	24,392,692	13,300,371	183.40%	77.30%
2018	0.11120266%	26,416,430	11,682,600	226.12%	75.30%
2017	0.11069423%	37,052,695	11,535,000	321.22%	66.80%
2016	0.10844463%	29,970,924	11,777,314	254.48%	72.10%
2015	0.11183763%	27,202,782	12,305,692	221.06%	74.70%
2014	0.11183763%	32,316,510	11,873,346	272.18%	69.30%

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

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

See accompanying notes to the required supplementary information.

Norwood City School District
 Required Supplementary Information
 Schedule of the District's Contributions for Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$1,936,752	(\$1,936,752)	\$0	\$13,833,943	14.00%
2020	1,885,188	(1,885,188)	0	13,465,629	14.00%
2019	1,928,832	(1,928,832)	0	13,777,371	14.00%
2018	1,862,052	(1,862,052)	0	13,300,371	14.00%
2017	1,635,564	(1,635,564)	0	11,682,600	14.00%
2016	1,614,900	(1,614,900)	0	11,535,000	14.00%
2015	1,648,824	(1,648,824)	0	11,777,314	14.00%
2014	1,599,740	(1,599,740)	0	12,305,692	13.00%
2013	1,584,876	(1,584,876)	0	11,873,346	13.00%
2012	1,582,596	(1,582,596)	0	11,719,001	13.00%

See accompanying notes to the required supplementary information.

Norwood City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Five Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.12511460%	\$2,719,150	\$4,213,214	64.54%	18.17%
2020	0.12802420%	3,219,539	4,283,919	75.15%	15.57%
2019	0.12239550%	3,395,582	4,020,733	84.45%	13.57%
2018	0.10909940%	2,927,941	3,475,593	84.24%	12.46%
2017	0.10256862%	2,923,585	3,619,886	80.76%	11.49%

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

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

See accompanying notes to the required supplementary information.

Norwood City School District
 Required Supplementary Information
 Schedule of the District's Contributions for Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Six Fiscal Years (1) (2)

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$81,250	(\$81,250)	\$0	\$4,187,914	1.94%
2020	82,292	(82,292)	0	4,213,214	1.95%
2019	99,805	(99,805)	0	4,283,919	2.33%
2018	85,454	(85,454)	0	4,020,733	2.13%
2017	58,779	(58,779)	0	3,475,593	1.69%
2016	50,589	(50,589)	0	3,619,886	1.40%

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

(2) Includes surcharge.

See accompanying notes to the required supplementary information.

Norwood City School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Five Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability
2021	0.11406983%	(\$2,004,776)	\$13,465,629	(14.89%)	182.13%
2020	0.11176915%	(1,851,165)	13,777,371	(13.44%)	174.74%
2019	0.11093762%	(1,782,654)	13,300,371	(13.40%)	176.00%
2018	0.11120266%	4,338,718	11,682,600	37.14%	47.10%
2017	0.11069423%	5,919,956	11,535,000	51.32%	37.30%

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

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

See accompanying notes to the required supplementary information.

Norwood City School District
 Required Supplementary Information
 Schedule of the District's Contributions for Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Six Fiscal Years (1)

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$0	\$0	\$0	\$13,833,943	0.00%
2020	0	0	0	13,465,629	0.00%
2019	0	0	0	13,777,371	0.00%
2018	0	0	0	13,300,371	0.00%
2017	0	0	0	11,682,600	0.00%
2016	0	0	0	11,535,000	0.00%

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

See accompanying notes to the required supplementary information.

Norwood City School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$15,579,683	\$16,135,211	\$16,085,169	(\$50,042)
Revenue in lieu of taxes	1,837,329	1,902,844	1,896,942	(5,902)
Tuition and Fees	493,697	511,301	509,715	(1,586)
Investment Earnings	156,561	162,144	161,641	(503)
Intergovernmental	9,432,653	9,768,995	9,738,697	(30,298)
Extracurricular Activities	42,516	44,032	43,895	(137)
Other Revenues	584,124	604,952	603,076	(1,876)
Total Revenues	28,126,563	29,129,479	29,039,135	(90,344)
Expenditures:				
Current:				
Instruction:				
Regular	12,625,053	12,452,417	12,173,444	278,973
Special	5,348,490	5,275,354	5,157,170	118,184
Vocational	348	344	336	8
Other	1,345,212	1,326,818	1,297,093	29,725
Support Services:				
Pupil	2,246,624	2,215,903	2,166,260	49,643
Instructional Staff	416,416	410,721	401,520	9,201
General Administration	38,911	38,379	37,519	860
School Administration	2,080,526	2,052,077	2,006,104	45,973
Fiscal	846,910	835,329	816,615	18,714
Business	4,821	4,756	4,649	107
Operations and Maintenance	2,611,606	2,575,895	2,518,187	57,708
Pupil Transportation	578,955	571,038	558,245	12,793
Central	359,020	354,111	346,178	7,933
Extracurricular Activities	521,936	514,799	503,266	11,533
Capital Outlay	23,773	23,448	22,923	525
Total Expenditures	29,048,601	28,651,389	28,009,509	641,880
Excess of Revenues Over (Under) Expenditures	(922,038)	478,090	1,029,626	551,536
Other Financing Sources (Uses):				
Advances In	237,967	246,452	245,688	(764)
Transfers (Out)	(725,425)	(715,506)	(699,476)	16,030
Total Other Financing Sources (Uses)	(487,458)	(469,054)	(453,788)	15,266
Net Change in Fund Balance	(1,409,496)	9,036	575,838	566,802
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	10,286,617	10,286,617	10,286,617	0
Fund Balance - End of Year	\$8,877,121	\$10,295,653	\$10,862,455	\$566,802

See accompanying notes to the required supplementary information.

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

Note 1 - Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. During the course of fiscal year 2021, the District amended its budget at several times, however none were significant.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during fiscal year 2021.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Board during the year. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as an assignment of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.
5. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

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

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

	<u>General</u>
GAAP Basis	\$5,848,673
Revenue Accruals	(5,186,798)
Expenditure Accruals	(49,141)
Transfers Out	(602)
Advances In	245,688
Encumbrances	<u>(281,982)</u>
Budget Basis	<u><u>\$575,838</u></u>

Note 2 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2020-2021: There were no changes in benefit terms from the amounts reported for this fiscal year.

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

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

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

Changes in Assumptions:

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

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

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

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

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

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

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2019-2021: There were no changes in benefit terms from the amounts reported for these fiscal years.

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

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

Changes in Assumptions:

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

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

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

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

Note 3 - Net OPEB (Asset)/Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2017-2021: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	3.22%
Measurement Date	2.63%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.13%
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Norwood City School District
Notes to the Required Supplementary Information
For The Year Fiscal Ended June 30, 2021

Measurement Date	2.45%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	3.22%
Measurement Date	2.63%

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

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

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

(7) Discount Rate:	
Prior Measurement Date	3.63%
Measurement Date	3.70%
(8) Municipal Bond Index Rate:	
Prior Measurement Date	3.56%
Measurement Date	3.62%
(9) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	3.63%
Measurement Date	3.70%

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

(1) Discount Rate:	
Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%
(2) Municipal Bond Index Rate:	
Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

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

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,

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

- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% 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% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

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

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

Changes in Assumptions:

2021: There were changes in assumptions during the measurement year, which decreased the total OPEB liability by approximately \$0.26 billion. The assumption changes included changes in healthcare costs and trends.

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

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

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

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

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

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NORWOOD CITY SCHOOL DISTRICT
Hamilton County
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through Ohio Department of Education:			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	3L60	\$43,681
Cash Assistance:			
COVID - 19 School Breakfast Program	10.553	3L70	27,202
School Breakfast Program	10.553	3L70	128,704
Total - School Breakfast Program			<u>155,906</u>
COVID - 19 National School Lunch Program	10.555	3L60	41,922
National School Lunch Program	10.555	3L60	205,714
Total - National School Lunch Program			<u>247,636</u>
Total Child Nutrition Cluster			<u>447,223</u>
Total U.S. Department of Agriculture			<u>447,223</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through Ohio Department of Education:			
Special Education Cluster:			
Special Education-Grants to States	84.027	3M20	452,078
Special Education-Preschool Grants	84.173	3C50	11,565
Special Education-Preschool Restoration	84.173A	3C50	3,501
Total Special Education Cluster			<u>467,144</u>
Twenty-First Century Community Learning Centers	84.287	3Y20	476,129
Supporting Effective Instruction State Grants	84.367	3Y60	143,908
Title I Grants to Local Educational Agencies	84.010	3M00	1,222,913
English Language Acquisition State Grants	84.365	3Y70	21,603
Student Support and Academic Enrichment Program	84.424	3H10	94,342
COVID - 19 Education Stabilization Fund	84.425D	3HS0	889,369
Total Department of Education			<u>3,315,408</u>
<u>U.S. DEPARTMENT OF TREASURY</u>			
Passed Through Ohio Department of Education:			
COVID - 19 Coronavirus Relief Fund	21.019	5CV1	181,578
Passed Through Hamilton County:			
COVID - 19 Coronavirus Relief Fund	21.019	N/A	93,250
Total Coronavirus Relief Fund			<u>274,828</u>
Total Department of the Treasury			<u>274,828</u>
Total Federal Assistance			<u>\$4,037,459</u>

See accompanying notes to the schedule of expenditures of federal awards.

**NORWOOD CITY SCHOOL DISTRICT
HAMILTON COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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 Norwood City School District (the District) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Norwood City School District
Hamilton County
2123 Williams Avenue
Norwood, Ohio 45212

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 Norwood City School District, Hamilton County, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 10, 2022, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio
March 10, 2022

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Norwood City School District
Hamilton County
2132 Williams Avenue
Norwood, Ohio 45212

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited Norwood City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Norwood City School District's major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio
March 10, 2022

**NORWOOD CITY SCHOOL DISTRICT
HAMILTON 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):	84.425D Education Stabilization Fund 84.027/84.173 Special Education Cluster 84.287 21 st Century Community Learning Centers
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Norwood City School District
2132 Williams Avenue
Norwood, Ohio 45212
Office of the Treasurer
Julie Kamphaus, Treasurer
(513) 924-2508



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Financial Reporting-Food Service Fund was not properly reported in the Special Revenue Fund.	Corrective Action Taken and Finding is Fully Corrected	

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OHIO AUDITOR OF STATE KEITH FABER



NORWOOD CITY SCHOOL DISTRICT

HAMILTON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/29/2022

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