

***STARK TUSCARAWAS WORKFORCE  
DEVELOPMENT BOARD***

***STARK COUNTY, OHIO***

**SINGLE AUDIT**

**For the Year Ended June 30, 2021**







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

Board of Directors  
Stark Tuscarawas Workforce Development Board  
822 30th Street NW  
Canton, Ohio 44709

We have reviewed the *Independent Auditor's Report* of the Stark Tuscarawas Workforce Development Board, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Stark Tuscarawas Workforce Development Board is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

February 25, 2022

**This page intentionally left blank.**

**Stark Tuscarawas Workforce Development Board  
Stark County**

**TABLE OF CONTENTS**

TITLE	PAGE
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	9
Statement of Activities.....	10
Fund Financial Statements:	
Balance Sheet.....	11
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	12
Statement of Revenues, Expenditures and Changes in Fund Balances.....	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in General Fund Balance to the Statement of Activities.....	14
Notes to the Basic Financial Statements .....	15
Required Supplementary Information:	
Schedule of Proportionate Share of Net Pension Liability .....	35
Schedule of Proportionate Share of Net OPEB Liability/(Asset).....	36
Schedule of Contributions .....	37
Notes to the Required Supplementary Information .....	38
Schedule of Expenditures of Federal Awards (Prepared by Management) .....	40
Notes to the Schedule of Expenditures of Federal Awards (Prepared by Management).....	41
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with <i>Government Auditing Standards</i> .....	42
Independent Auditor’s Report on Compliance for the Major Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	44
Schedule of Findings.....	46

**This page intentionally left blank.**

**INDEPENDENT AUDITOR'S REPORT**

Stark Tuscarawas Workforce Development Board  
Stark County  
822 30<sup>th</sup> Street N.W.  
Canton, Ohio 44709

To the Board of Directors:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and the major fund of the Stark Tuscarawas Workforce Development Board, Stark County, Ohio (STWDB), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise STWDB's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to STWDB's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of STWDB's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as our evaluation of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Stark Tuscarawas Workforce Development Board, Stark County, Ohio, 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 described in Note 11, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of STWDB. We did not modify our opinion regarding this matter.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension liabilities, other postemployment benefit liabilities/(assets), and pension and other postemployment benefit contributions listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

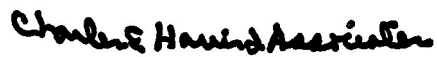
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise STWDB's basic financial statements. The Schedule of Expenditures of Federal Awards (the Schedule) is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal 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 the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2022, on our consideration of STWDB's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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 STWDB's internal control over financial reporting and compliance.



*Charles E. Harris & Associates, Inc.*  
January 20, 2022

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
Unaudited**

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

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the year ended June 30, 2021 are as follows:

- Governmental fund expenses increased \$650,670 from the prior period.
- Governmental fund revenues increased \$661,812 from the prior period in conjunction with the expense increases mentioned above.
- Governmental fund balance increased \$12,397 in the current period.

**USING THIS ANNUAL FINANCIAL REPORT**

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

The statement of net position and statement of activities provide information about the activities of STWDB, presenting both an aggregate view of its finances and a longer-term view of those assets. The statement of activities shows the net (expense) revenue and changes to net position of STWDB. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

**REPORTING ON THE ENTITY AS A WHOLE**

*Statement of Net Position and the Statement of Activities*

The statement of net position and statement of activities include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash was received or paid. These two statements report STWDB's net position and the change in that net position. The change in net position is important because it tells the reader whether, for STWDB as a whole, the financial position of STWDB has improved or diminished.

All of STWDB's programs and services are reported as governmental activities in the statement of net position and the statement of activities. Governmental activities consist of functions that are primarily supported by intergovernmental revenues. Activities include U.S. Department of Labor Workforce Innovation and Opportunity Act programs (Adult, Dislocated Worker, Youth, Rapid Response, and Administration) and other funding streams, as available.

**REPORTING ON THE MOST SIGNIFICANT FUND**

*Governmental Fund*

The presentation for STWDB's only fund, the general fund, focuses on how resources flow into and out of it and the balance that is left at year end and available for spending in future periods. The general fund is reported using modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of STWDB's general operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
Unaudited**

the near future on services provided to users. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in reconciliations in the financial statements.

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD AS A WHOLE**

Recall that the statement of net position looks at STWDB as a whole. Table 1 provides a summary of STWDB's net position for fiscal year 2021 compared to fiscal year 2020.

**Table 1 - Net Position**

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>Change</u>
<b>Assets</b>			
Current and Other Assets	\$ 514,493	\$ 286,051	\$ 228,442
Net OPEB Asset	\$ 24,800	\$ -	\$ 24,800
<b>Total Assets</b>	<b>\$ 539,293</b>	<b>\$ 286,051</b>	<b>\$ 253,242</b>
<b>Deferred Outflows of Resources</b>			
Pension	\$ 26,938	\$ 29,568	\$ (2,630)
OPEB	\$ 19,459	\$ 30,956	\$ (11,497)
<b>Total Deferred Outflows</b>	<b>\$ 46,397</b>	<b>\$ 60,524</b>	<b>\$ (14,127)</b>
<b>Liabilities</b>			
Current Liabilities	\$ 365,618	\$ 149,573	\$ 216,045
Accrued Leave Liability	\$ 15,992	\$ 20,991	\$ (4,999)
Net Pension Liability	\$ 221,229	\$ 277,115	\$ (55,886)
Net OPEB Liability	\$ -	\$ 180,393	\$ (180,393)
<b>Total Liabilities</b>	<b>\$ 602,839</b>	<b>\$ 628,072</b>	<b>\$ (25,233)</b>
<b>Deferred Inflows of Resources</b>			
Pension	\$ 96,330	\$ 61,154	\$ 35,176
OPEB	\$ 76,329	\$ 27,046	\$ 49,283
<b>Total Deferred Inflows</b>	<b>\$ 172,659</b>	<b>\$ 88,200</b>	<b>\$ 84,459</b>
<b>Net Position</b>			
Unrestricted	\$ (189,808)	\$ (369,697)	\$ 179,889
<b>Total Net Position</b>	<b>\$ (189,808)</b>	<b>\$ (369,697)</b>	<b>\$ 179,889</b>

Current assets increased significantly from the previous period primarily due to increases in cash and intergovernmental receivables outstanding at year-end. The receivables were routine expense reimbursements due from STWDB's major funder, the Ohio Department of Job and Family Services (ODJFS) and would have been collected within the first months of the new fiscal year.

STWDB's current liabilities primarily represent accrued contract expenses payable at year end to providers of the Comprehensive Case Management and Employment Program (CCMEP).

The net pension liability is the largest liability reported by STWDB at June 30, 2021. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
Unaudited**

should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, STWDB is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Table 2 provides a summary of STWDB's change in net position for fiscal year 2021.

**Table 2 - Changes in Net Position**

	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>Change</u>
Total Revenues	\$ 4,188,851	\$ 3,527,039	\$ 661,812
Total Expenses	\$ 4,008,962	\$ 3,624,578	\$ 384,384
<b>Increase (Decrease) in Change in Net Position</b>	<b><u>\$ 179,889</u></b>	<b><u>\$ (97,539)</u></b>	<b><u>\$ 277,428</u></b>

Revenue and expense increases between years resulted primarily from various additional workforce grants received from the state for expansion of workforce services..

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD GENERAL FUND**

STWDB uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of STWDB's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing STWDB's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, STWDB's governmental fund reported an ending fund balance of \$148,875 which was a \$12,397 increase over the previous year. This demonstrates that when STWDB is analyzed exclusive of the required GASB 68/75 presentations in the government-wide financial statements described above, it does have a positive fund balance. As STWDB only has one governmental fund, the analysis from a fund perspective is similar to the analysis already presented on a government-wide basis, exclusive of generally accepted accounting differences between the two sets of statements which are highlighted in the reconciliations and notes to the financial statements.

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
Unaudited**

**BUDGETING HIGHLIGHTS**

STWDB's annual budget is primarily a management tool that assists its users in analyzing financial activity for its fiscal year. STWDB's annual budget is not subject to formal budget commission procedures and/or legal requirements. STWDB's primary funding source is federal and state grants, which have grant periods that may or may not coincide with STWDB's fiscal year. Due to the nature of STWDB's dependency on federal and state budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding.

STWDB's annual budget differs from that of a local government in two respects. First, the uncertain nature of grant awards from other entities and second, the conversion of grant budgets to a fiscal year basis. The resulting annual budget is subject to constant change within the fiscal year due to increases/decreases in actual grant awards from those estimated, changes in grant periods, unanticipated grant awards not included in the budget and expected grant awards which fail to materialize.

STWDB's annual budget for the general fund is reviewed by the Executive Board and used throughout each fiscal period to monitor activity and ensure sound fiscal management. Modifications are made as needed to remain within established spending limits for the year and as additional initiatives are added or as existing projects/programs change.

Actual revenues exceeded expenditures in the governmental fund for fiscal year 2021 due to the various factors already mentioned. As the fiduciary agent of taxpayer funds, STWDB diligently searches for new and more efficient methods to reduce and/or contain operating expenditures. STWDB's goal continues to be to serve the maximum number of customers within the allocations available.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

Significant economic factors affecting STWDB are as follows:

- Federal Workforce Innovation and Opportunity Act funding through U.S. Dept. of Labor;
- National, state, and local unemployment rates;
- National, state and local poverty and income levels; and
- Inflationary pressure on training, services, supplies, and other program and operational costs.

STWDB's main program allocations are calculated by the Ohio Department of Job and Family Services (ODJFS) based on a formula specified in the Workforce Innovation and Opportunity Act (WIOA). This formula considers various economic factors including income levels and unemployment rates. STWDB's formula allocations for the new fiscal year beginning July 1, 2021 remained relatively level when compared to the previous year.

**CONTACTING THE ORGANIZATION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of STWDB's finances and to show STWDB's accountability for the money it receives, spends, or invests. If you have questions about this report or need additional financial information, contact the Treasurer, Stark Tuscarawas Workforce Development Board, 822 - 30th Street NW, Canton, Ohio 44709.

**This page intentionally left blank.**

Stark Tuscarawas Workforce Development Board  
**STATEMENT OF NET POSITION**  
June 30, 2021

<b>ASSETS</b>	
Cash with Fiscal Agent	\$ 172,400
Intergovernmental Receivable	340,727
Prepaid Items	1,366
Net OPEB Asset	<u>24,800</u>
 Total Assets	 <u>539,293</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension	26,938
OPEB	<u>19,459</u>
 Total Deferred Outflows of Resources	 <u>46,397</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	346,819
Accrued Wages and Benefits	<u>18,799</u>
 Total Current Liabilities:	 <u>365,618</u>
Non-Current Liabilities:	
Accrued Compensated Absences - Due within one year	15,992
Net Pension Liability	<u>221,229</u>
 Total Non-Current Liabilities:	 <u>237,221</u>
 Total Liabilities	 <u>602,839</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension	96,330
OPEB	<u>76,329</u>
 Total Deferred Inflows of Resources	 <u>172,659</u>
<b>NET POSITION</b>	
Unrestricted (Deficit)	<u>(189,808)</u>
 Total Net Position	 <u>\$ (189,808)</u>

See accompanying notes to the basic financial statements.

Stark Tuscarawas Workforce Development Board  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2021

		Program Revenue		Net (Expenses) Revenue and Changes In Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Employment and Training Program Costs	\$ 4,008,962	\$ 151,542	\$ 4,037,309	\$ 179,889
Total Governmental Activities	\$ 4,008,962	\$ 151,542	\$ 4,037,309	179,889
				179,889
				<u>(369,697)</u>
				\$ <u><u>(189,808)</u></u>

See accompanying notes to the basic financial statements.



Stark Tuscarawas Workforce Development Board  
BALANCE SHEET - GOVERNMENTAL FUND  
June 30, 2021

---

<b>ASSETS</b>	
Cash with Fiscal Agent	\$ 172,400
Intergovernmental Receivable	340,727
Prepaid Items	<u>1,366</u>
 Total Assets	 <u><u>514,493</u></u>
 <b>LIABILITIES</b>	
Accounts Payable	346,819
Accrued Wages and Benefits	<u>18,799</u>
 Total Liabilities	 <u><u>365,618</u></u>
 <b>FUND BALANCE</b>	
Nonspendable:	
Prepaid Items	1,366
Unassigned	<u>147,509</u>
 Total Fund Balance	 <u><u>148,875</u></u>
 Total Liabilities and Fund Balance	 \$ <u><u>514,493</u></u>

See accompanying notes to the basic financial statements.

Stark Tuscarawas Workforce Development Board  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
June 30, 2021

---

Total Governmental Fund Balance	\$	148,875
 <b>Amount reported for governmental activities in the statement of net position is different because:</b>		
 Long-term leave liabilities do not require current financial resources, and therefore are not reported as expenditures in the governmental funds.		
		(15,992)
 Net pension and OPEB liabilities are not due and payable in the current period, and therefore the liabilities and related deferred inflows/outflows are not reported in the governmental funds:		
Net OPEB Asset		24,800
Deferred Outflows - Pension		26,938
Deferred Outflows - OPEB		19,459
Net Pension Liability		(221,229)
Deferred Inflows - Pension		(96,330)
Deferred Inflows - OPEB		<u>(76,329)</u>
 Net Position of Governmental Activities	 \$	 <u><u>(189,808)</u></u>

See accompanying notes to the basic financial statements.

Stark Tuscarawas Workforce Development Board  
 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
 GOVERNMENTAL FUND  
 For the Fiscal Year Ended June 30, 2021

**REVENUES**

Intergovernmental Revenue	\$	4,037,309
Charges for Services		<u>151,542</u>
 Total Revenues		 <u>4,188,851</u>

**EXPENDITURES**

Human Services:		
Employment and Training Program		<u>4,176,454</u>
 Total Expenditures		 <u>4,176,454</u>
 Net Change in Fund Balance		 12,397
 Fund Balance at Beginning of Year		 <u>136,478</u>
 Fund Balance at End of Year	\$	 <u><u>148,875</u></u>

See accompanying notes to the basic financial statements.

Stark Tuscarawas Workforce Development Board  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUND TO THE  
 STATEMENT OF ACTIVITIES  
 For the Fiscal Year Ended June 30, 2021

---

Net Change in Fund Balance - Total Governmental Fund	\$	12,397
 <b>Amount reported for governmental activities in the statement of activities is different because:</b>		
 Compensated absences reported in the statement of activities do not require the use of current financial resources, and therefore are not reported as expenditures in the governmental funds.		
		4,999
 Contractually required contributions are reported as expenditures in the governmental funds. However, the statement of net position reports these amounts as deferred outflows:		
Pension		14,270
 Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liabilities/(assets) are reported as pension/OPEB expense in the statement of activities:		
Pension		3,810
OPEB		<u>144,413</u>
 Change in Net Position of Governmental Activities	 \$	 <u><u>179,889</u></u>

See accompanying notes to the basic financial statements.

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 1: DESCRIPTION OF ENTITY**

Stark Tuscarawas Workforce Development Board (STWDB) was originally established in 2016 under the Ohio Revised Code as a regional council of governments and currently includes Stark and Tuscarawas counties as members. STWDB is eligible to receive and administer funds granted by the Governor of the State under the Workforce Innovation and Opportunity Act.

STWDB carries out the purpose of the Workforce Innovation and Opportunity Act by assessing workforce needs; developing strategies, plans, programs, and resources to provide employment, training and education, and related services to the citizens of the local area; and providing oversight and evaluation of such efforts. These functions and tasks are conducted within the framework of a public/private partnership. The purpose of the Workforce Innovation and Opportunity Act is to provide workforce investment activities through statewide and local workforce investment systems that increase the employment, retention, and earnings of participants and increase occupational skill attainment by participants and, as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the nation.

For financial reporting purposes, all departments and operations over which STWDB exercises financial accountability are included in the reporting entity. Oversight responsibility was evaluated based on consideration of financial interdependency, selection of governing authority, designation of management, the ability to significantly influence management and accountability for fiscal matters.

No governmental units other than STWDB itself are included in the reporting entity. STWDB does not have oversight responsibility over any other governmental unit. This is evidenced by the fact that, with respect to any other governmental unit, there is no financial interdependency and STWDB does not select their governing authority, designate their management, exercise significant influence over their daily operations or maintain their accounting records.

Workforce Initiative Association, Stark County (WIA) serves as fiscal agent and custodian for STWDB. WIA is responsible for receiving and disbursing funds at the direction of STWDB, but as a legally separate entity, WIA is not financially accountable for STWDB's operations.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements 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. STWDB's most significant accounting policies are described below.

**A. Basis of Presentation**

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

*Government-wide Financial Statements*

The statement of net position and the statement of activities display information about STWDB as a whole. These statements include the financial activities of the primary government. All activities of STWDB are governmental activities.

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

*Fund Financial Statements*

Fund financial statements report more detailed information about STWDB. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. STWDB has only one fund which is its major fund.

**B. Fund Accounting**

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

*Governmental Funds*

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

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

**C. Measurement Focus**

*Government-wide Financial Statements*

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of STWDB are included on the statement of net position.

*Fund Financial Statements*

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and change in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**D. Basis of Accounting**

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

*Revenues - Exchange and Non-exchange Transactions*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "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. For STWDB, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which STWDB receives value without directly giving equal value in return, include grants and donations. On an accrual basis, revenue from grants 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 STWDB must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to STWDB on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: federal and state grants and contracted services.

*Deferred Inflows of Resources and Deferred Outflows of Resources*

In addition to assets, the government-wide statement of net position reports 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 STWDB, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 5 and 6.

In addition to liabilities, the government-wide statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For STWDB, deferred inflows of resources include pension and OPEB plans. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position and are explained in Notes 5 and 6.

*Expenses/Expenditures*

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

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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. An allocation of cost, such as depreciation, is not recognized in governmental funds.

**E. Cash and Cash Equivalents**

For presentation on the financial statements, investments with original maturities of three months or less at the time they are purchased by STWDB are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**F. 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 by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year which services are consumed.

**G. Capital Assets**

Capital assets include furniture and equipment purchased by STWDB. These assets generally result from expenditures in the governmental fund. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. STWDB did not have any capital assets at June 30, 2021.

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

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

**I. Compensated Absences**

Vacation benefits are accrued as a liability when an employee's right to receive compensation is attributable to services already rendered and it's probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination/retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement is accrued to the extent that it's considered probable that the conditions for compensation will be met in the future.

Sick leave benefits for STWDB employees are not vested, and therefore, do not accrue as a liability.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are



**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

**J. Accrued Liabilities and Long-term Obligations**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension liabilities are not recognized in the governmental funds since they are not due and payable by STWDB.

**K. Fund Balance Designation**

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

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.

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

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

Assigned - Amounts in the assigned classification are intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board. The Board may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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

STWDB first applies restricted resources when an expenditure is 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

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

**L. Net Position**

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

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

**M. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 3: CASH AND INVESTMENTS**

Workforce Initiative Association (WIA) maintains a cash and investment pool used by STWDB. The Ohio Revised Code prescribes allowable deposits and investments. At year end, the carrying amount of STWDB's deposits with WIA was \$172,400. WIA is responsible for maintaining adequate depositor collateral for all funds in the cash and investment accounts.

**NOTE 4: INTERGOVERNMENTAL RECEIVABLE**

A part of the year-end process with the Ohio Department of Job and Family Services (ODJFS) is to perform a reconciliation to identify for each grant how much funds were over or under advanced during the fiscal year. The net balance for the year ended June 30, 2021 was a balance due from ODJFS of \$334,773 and \$5,954 due from other government entities.

**NOTE 5: DEFINED BENEFIT PENSION PLANS**

**Net Pension Liability**

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

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

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

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

### **Ohio Public Employees Retirement System**

Plan Description – STWDB employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. 1.) The Traditional Pension Plan (TP) - a cost-sharing, multiple-employer defined benefit pension plan. 2.) The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Members accumulate retirement assets equal to the value of the member and (vested) employer contributions, plus any investment earnings thereon. 3.) The Combined Plan (CP) - a cost-sharing, multiple-employer defined benefit pension plan. Employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the MD.

While members (e.g. STWDB employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; the following disclosure focuses on the traditional and the combined plans.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plan as per the reduced benefits adopted by SB 343 (see OPERS Comprehensive Annual Financial Report referenced above for additional information):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years <u>after January 7, 2013</u>	20 years of service credit prior to January 7, 2013 or eligible to retire <u>ten years after January 7, 2013</u>	Members not in other Groups and members hired on or after <u>January 7, 2013</u>
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and service requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and service requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and service requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

Once a benefit recipient retiring under the Traditional Plan has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided on the member's base benefit. Members retiring under the Combined Plan receive a cost-of-living adjustment on the defined benefit portion of their retirement benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent. Additionally, a death benefit of \$500-\$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional and Combined Plan.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>State and Local</u>
<b>2021 Statutory maximum contribution rates</b>	
Employer	14.00 %
Employee	10.00 %
 <b>2021 Actual contribution rates</b>	
Employer:	
Pension	14.00 %
Post-employment health care benefits	-
Total employer	<u>14.00 %</u>
 Employee	 <u>10.00 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. STWDB's OPERS contractually required contribution was \$29,734.

**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 December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. STWDB's proportion of the net pension liability was based on STWDB'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>OPERS</u>
Proportion of the net pension liability - prior measurement date	0.00140200%
Proportion of the net pension liability - current measurement date	<u>0.00149400%</u>
Change in proportionate share	<u>0.00009200%</u>
 Proportionate share of the net pension liability	 \$ 221,229
Pension expense	\$ (3,810)

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

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>OPERS</u>
<b>Deferred outflows of resources</b>	
Changes in proportionate share and difference between STWDB contributions and proportionate share of contributions	\$ 12,668
STWDB contributions subsequent to the measurement date	<u>14,270</u>
Total deferred outflows of resources	<u>\$ 26,938</u>
<b>Deferred inflows of resources</b>	
Differences between expected and actual experience	\$ 9,254
Net difference between projected and actual earnings on pension plan investments	86,229
Changes in proportionate share and difference between STWDB contributions proportionate share of contributions	<u>847</u>
Total deferred inflows of resources	<u>\$ 96,330</u>

\$14,270 reported as deferred outflows of resources related to pension resulting from STWDB 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 <u>Year</u>	<u>OPERS</u>
2022	\$ (28,846)
2023	(7,906)
2024	(35,150)
2025	<u>(11,760)</u>
Total	<u>\$ (83,662)</u>

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification 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. The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Wage inflation	3.25 percent
Future salary increases, including inflation -Traditional plan	3.25 percent to 10.75 percent
Future salary increases, including inflation - Combined plan	3.25 percent to 8.25 percent
COLA or Ad Hoc COLA	Pre January 7, 2013 retirees, 3 percent, simple Post January 7, 2013 retirees, 3 percent, simple through 2020, then 2.15 percent, simple
Investment rate of return	7.2 percent
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 11.7% for 2020.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<u>Asset class</u>	Target <u>allocation</u>	Weighted average long-term expected real rate of return <u>(arithmetic)</u>
Fixed income	25.00%	1.32%
Domestic equities	21.00%	5.64%
Real estate	10.00%	5.39%
Private equity	12.00%	10.42%
International equities	23.00%	7.36%
Other investments	<u>9.00%</u>	<u>4.75%</u>
Total	<u>100.00%</u>	<u>5.43%</u>

**Discount Rate** The discount rate used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of STWDB's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents STWDB's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2%, as well as what STWDB's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2%) or one-percentage-point higher (8.2%) than the current rate:

<u>Traditional Plan</u>	1% Decrease <u>(6.20%)</u>	Current discount rate <u>(7.20%)</u>	1% Increase <u>(8.20%)</u>
STWDB's proportionate share of the net pension liability	\$ 421,995	\$ 221,229	\$ 54,292

**NOTE 6: POST-EMPLOYMENT BENEFITS**

**Net OPEB Asset**

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

The net OPEB asset represents STWDB's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living



**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

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

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

#### **Ohio Public Employees Retirement System**

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Comprehensive Annual Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. STWDB's contractually required contribution was \$0 for 2021.

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

The net OPEB asset was measured as of December 31, 2020, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. STWDB's proportion of the net OPEB asset was based on STWDB'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:

	<u>OPERS</u>
Proportion of the net OPEB liability - prior measurement date	0.001306%
Proportion of the net OPEB asset - current measurement date	<u>0.001392%</u>
Change in proportionate share	<u>0.000086%</u>
Proportionate share of the net OPEB asset	(\$24,800)
OPEB expense	(\$144,413)

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

	<u>OPERS</u>
<b>Deferred outflows of resources</b>	
Changes of assumptions	\$ 12,192
Changes in proportionate share and difference between STWDB contributions and proportionate share of contributions	<u>7,267</u>
Total deferred outflows of resources	<u>\$ 19,459</u>
<b>Deferred inflows of resources</b>	
Differences between expected and actual experience	\$ 22,381
Net difference between projected and actual earnings on pension plan investments	13,209
Changes of assumptions	40,183
Changes in proportionate share and difference between STWDB contributions and proportionate share of contributions	<u>556</u>
Total deferred inflows of resources	<u>\$ 76,329</u>

STWDB does not report any deferred outflows of resources related to OPEB resulting from STWDB contributions subsequent to the measurement date that will be recognized as a reduction of the 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	<u>OPERS</u>
<u>Year</u>	
2022	\$ (29,301)
2023	(20,273)
2024	(5,740)
2025	<u>(1,556)</u>
Total	<u>\$ (56,870)</u>

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB asset was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage inflation	3.25 percent
Projected salary increases	3.25 to 10.75 percent (includes wage inflation at 3.25 percent)
Single discount rate:	
Current measurement date	6.00 percent
Prior measurement date	3.16 percent
Investment rate of return	6.00 percent
Municipal bond rate	2.00 percent
Health care cost trend rate	8.50 percent, initial 3.5 percent, ultimate in 2035
Actuarial cost method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 10.5 percent for 2020.

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

<u>Asset class</u>	Target <u>allocation</u>	Weighted average long-term expected real rate of return <u>(arithmetic)</u>
Fixed income	34.00%	1.07%
Domestic equities	25.00%	5.64%
Real estate investment trust	7.00%	6.48%
International equities	25.00%	7.36%
Other investments	<u>9.00%</u>	<u>4.02%</u>
Total	<u>100.00%</u>	<u>4.43%</u>

**Discount Rate** A single discount rate of 6.00 percent was used to measure the OPEB asset on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2120, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of STWDB's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate** The following table presents STWDB's proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what STWDB's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease <u>(5.00%)</u>	Current discount rate <u>(6.00%)</u>	1% Increase <u>(7.00%)</u>
STWDB's proportionate share of the net OPEB asset	\$ (6,167)	\$ (24,800)	\$ (40,117)

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

*Sensitivity of STWDB's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate* Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	<u>1% Decrease</u>	Current Health Care Cost Trend Rate <u>Assumption</u>	<u>1% Increase</u>
STWDB's proportionate share of the net OPEB asset	\$ (25,404)	\$ (24,800)	\$ (24,123)

**NOTE 7: COMPENSATED ABSENCES**

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums, depending on tenure with STWDB. Vacation days may not be carried over into the next calendar year. Upon termination, employees are entitled to be paid all accrued vacation. The following schedule details earned annual leave based on length of service.

0-4 years	10 days
5-9 years	15 days
10-14 years	20 days
15-23 years	25 days
24 years and over	30 days

Sick leave accrues to STWDB's full-time employees and may be cumulative without limit. However, sick leave is not vested, and therefore, not payable upon termination and not a liability at year end.

STWDB's liability for unpaid, compensated absences was \$15,992 as of June 30, 2021.

**NOTE 8: LONG-TERM OBLIGATIONS**

A summary of the governmental activities' long-term obligations as of June 30, 2021 are as follows:

	<u>Balance</u> <u>6/30/20</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/21</u>	<u>Due within</u> <u>One Year</u>
Compensated Absences	\$ 20,991	\$ 22,280	\$ (27,279)	\$ 15,992	\$ 15,992
Net Pension Liability	277,115	0	(55,886)	221,229	0
Net OPEB Liability	<u>180,393</u>	<u>0</u>	<u>(180,393)</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 478,499</u>	<u>\$ 22,280</u>	<u>\$ (263,558)</u>	<u>\$ 237,221</u>	<u>\$ 15,992</u>

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

STWDB pays obligations related to compensated absences from the general fund. See Note 5 for additional information related to the net pension liability.

**NOTE 9: CONTINGENT LIABILITIES**

There are no pending material lawsuits in which STWDB is involved.

Periodic audits are required under federal and state grants and certain expenditures may be questioned as not appropriate under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. STWDB's management believes disallowances, if any, will be immaterial.

There are no expenditures recommended for disallowance. Costs recommended for disallowance are those involving expenditures for which existing documentary evidence leads the auditor to conclude that the expenditures were in violation of legislative or regulatory requirements. These costs are disallowed by the Grantor unless the grantee is able to convince the Grantor that they were made in accordance with legal or regulatory requirements.

There are no expenditures listed as questionable. Questionable costs are those involving the lack of or inadequacy of documentary support. Findings containing questionable costs do not necessarily mean that the costs were used for improper purposes, but that there was insufficient documentary evidence to allow a determination of their eligibility.

**NOTE 10: INSURANCE AND RISK MANAGEMENT**

STWDB is exposed to various risks of loss related to torts, thefts of, damages to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

During 2021, STWDB contracted with insurance companies for the various types of insurance below:

<u>INSURANCE</u>	<u>TYPE OF COVERAGE</u>	<u>COVERAGE</u>
Travelers	Officer and Director Liability	\$2,000,000
Travelers	Employment Practices Liability	\$2,000,000

Settled claims resulting from the above noted risks have not exceeded commercial insurance coverage in any of the past two years since STWDB's creation, nor has there been any significant reduction in insurance coverage from the prior year.

STWDB pays the State Workers' Compensation system a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

STWDB carries commercial insurance for other risks of loss, including employee health and life insurance.

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 11: COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of STWDB. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on STWDB's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.



Stark Tuscarawas Workforce Development Board  
Required Supplementary Information  
**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
Ohio Public Employees Retirement System  
Last Five Fiscal Years <sup>(1)</sup>

<u>Traditional Pension Plan</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
STWDB's Proportion of the Net Pension Liability	0.001494%	0.001402%	0.001420%	0.001407%	0.000700%
STWDB's Proportionate Share of the Net Pension Liability	\$221,229	\$277,115	\$388,909	\$211,618	\$158,958
STWDB's Covered-Employee Payroll	\$212,381	\$200,137	\$194,289	\$189,270	\$175,250
STWDB's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	104.17%	138.46%	200.17%	111.81%	90.70%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%	77.25%

<sup>(1)</sup> STWDB was created in fiscal year 2017 therefore information prior to this date is not applicable. Schedule is intended to show ten years of information. Additional years will be displayed as information becomes available.

Amounts presented as of STWDB's fiscal year end, June 30<sup>th</sup> of each year. The OPERS plan measurement date is the prior calendar year end, December 31<sup>st</sup> of each year.

See accompanying notes to the required supplementary information.

Stark Tuscarawas Workforce Development Board  
Required Supplementary Information  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY/(ASSET)  
Ohio Public Employees Retirement System  
Last Five Fiscal Years <sup>(1)</sup>

---

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
STWDB's Proportion of the Net OPEB Liability/(Asset)	-0.001392%	0.001306%	0.001324%	0.001320%	0.000660%
STWDB's Proportionate Share of the Net OPEB Liability (Asset)	(\$24,800)	\$180,393	\$172,618	\$143,342	\$66,662
STWDB's Covered-Employee Payroll	\$212,381	\$200,137	\$194,289	\$189,270	\$175,250
STWDB's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered-Employee Payroll	-11.68%	90.13%	88.85%	75.73%	38.04%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset	115.57%	47.80%	46.33%	54.14%	54.04%

<sup>(1)</sup> STWDB was created in fiscal year 2017 therefore information prior to this date is not applicable. Schedule is intended to show ten years of information. Additional years will be displayed as information becomes available.

Amounts presented as of STWDB's fiscal year end, June 30<sup>th</sup> of each year. The OPERS plan measurement date is the prior calendar year end, December 31<sup>st</sup> of each year.

See accompanying notes to the required supplementary information.

Stark Tuscarawas Workforce Development Board  
Required Supplementary Information  
**SCHEDULE OF CONTRIBUTIONS**  
Ohio Public Employees Retirement System  
Last Five Fiscal Years <sup>(1)</sup>

<b><u>Net Pension Liability</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Contractually Required Contribution	\$29,734	\$28,020	\$27,200	\$24,605	\$21,030
Contributions in Relation to the Contractually Required Contribution	<u>(29,734)</u>	<u>(28,020)</u>	<u>(27,200)</u>	<u>(24,605)</u>	<u>(21,030)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
STWDB's Covered-Employee Payroll <sup>(2)</sup>	\$212,381	\$200,137	\$194,289	\$203,576	\$168,236
Pension Contributions as a Percentage of Covered-Employee Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>12.09%</u>	<u>12.50%</u>
<b><u>Net OPEB Liability/(Asset)</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Contractually Required Contribution	\$0	\$0	\$0	\$1,893	\$3,505
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,893)</u>	<u>(3,505)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered-Employee Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.93%</u>	<u>2.08%</u>
Total Contributions as a Percentage of Covered-Employee Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.02%</u>	<u>14.58%</u>

<sup>(1)</sup> STWDB was created in fiscal year 2017 therefore information prior to this date is not applicable. Schedule is intended to show ten years of information. Additional years will be displayed as information becomes available.

<sup>(2)</sup> STWDB's covered payroll is the same for pension and OPEB.

See accompanying notes to the required supplementary information.

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD  
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE A: CHANGES IN ASSUMPTIONS - OPERS**

***Net Pension Liability***

The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.25 percent
Future salary increases, including inflation -Traditional plan	3.25 percent to 10.75 percent
Future salary increases, including inflation - Combined plan	3.25 percent to 8.25 percent
COLA or Ad Hoc COLA	Pre January 7, 2013 retirees, 3 percent, simple Post January 7, 2013 retirees, 3 percent, simple through 2020, then 2.15 percent, simple
Investment rate of return	7.2 percent
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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

Changes in benefit terms: There were no changes in benefit terms from the amounts reported.

***Net OPEB Liability/Asset***

The total OPEB liability/asset was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD  
 NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Wage inflation	3.25 percent
Projected salary increases	3.25 to 10.75 percent
	(includes wage inflation at 3.25 percent)
Single discount rate:	
Current measurement date	6.00 percent
Prior measurement date	3.16 percent
Investment rate of return	6.00 percent
Municipal bond rate	2.00 percent
Health care cost trend rate	8.50 percent, initial
	3.5 percent, ultimate in 2035
Actuarial cost method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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

Changes in benefit terms: There were no changes in benefit terms from the amounts reported.

Stark Tuscarawas Workforce Development Board  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended June 30, 2021  
(Prepared by Management)

Federal Grantor/ Pass Through Grantor Program Title	ALN Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Labor</b>			
<b>Pass-Through Program From:</b>			
<b>Ohio Department of Job and Family Services</b>			
Workforce Innovation and Opportunity Act (Cluster)			
WIOA Adult Program	17.258	\$ 1,064,796	\$ 1,103,947
WIOA Adult Program-Administration	17.258	87,013	135,398
Total WIOA Adult Program		<u>1,151,809</u>	<u>1,239,345</u>
WIOA Youth Activities	17.259	1,174,311	1,220,828
WIOA Youth Activities-Administration	17.259	88,316	175,914
Total WIOA Youth Activities		<u>1,262,627</u>	<u>1,396,742</u>
WIOA Dislocated Worker Formula Grants	17.278	951,169	1,036,343
WIOA Dislocated Worker Formula Grants-Administration	17.278	36,572	82,249
Total WIOA Dislocated Worker Formula Grants		<u>987,741</u>	<u>1,118,592</u>
Total Workforce Innovation and Opportunity Act (Cluster)		3,402,177	3,754,679
Unemployment Insurance	17.225	109,356	109,356
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	88,752	173,274
<b>Total Pass-Through From Ohio Department of Job and Family Services</b>		<u><b>3,600,285</b></u>	<u><b>4,037,309</b></u>
<b>Total U.S. Department of Labor</b>		<b>3,600,285</b>	<b>4,037,309</b>
<b>U.S. Department of Health and Human Services</b>			
<b>Pass-Through Program From:</b>			
<b>Ohio Department of Job and Family Services</b>			
Temporary Assistance to Needy Families			
Ohio Works Incentive Program	93.558	0	40,500
Total Temporary Assistance to Needy Families		<u>0</u>	<u>40,500</u>
<b>Total U.S. Department of Health and Human Services</b>		<u><b>0</b></u>	<u><b>40,500</b></u>
<b>Total Expenditures of Federal Awards</b>		<u><b>\$ 3,600,285</b></u>	<u><b>\$ 4,077,809</b></u>

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

**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**2 CFR 200.510(b)(6)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**  
**(Prepared by Management)**

**NOTE A: BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Stark Tuscarawas Workforce Development Board (STWDB) 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 STWDB, it is not intended to and does not present the financial position or changes in net position of STWDB.

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C: INDIRECT COST RATE**

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

**NOTE D: SUBRECIPIENTS**

STWDB passes certain federal awards received from the U.S. Department of Labor and the Ohio Department of Job and Family Services to other governments or not-for-profit agencies (subrecipients). As Note B describes, STWDB reports expenditures of federal awards to subrecipients on an accrual basis.

As a subrecipient, STWDB has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and to help assure they achieve the subawards' performance goals.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Stark Tuscarawas Workforce Development Board  
Stark County  
822 30<sup>th</sup> Street N.W.  
Canton, Ohio 44709

To the Board of Directors:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Stark Tuscarawas Workforce Development Board, Stark County, Ohio (STWDB) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise STWDB's basic financial statements and have issued our report thereon dated January 20, 2022. We noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of STWDB.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered STWDB's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of STWDB's internal control. Accordingly, we do not express an opinion on the effectiveness of STWDB's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of STWDB's financial statements will not be prevented or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

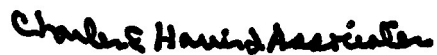


***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether STWDB's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of this Report***

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



***Charles E. Harris & Associates, Inc.***  
January 20, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE

Stark Tuscarawas Workforce Development Board  
Stark County  
822 30<sup>th</sup> Street N.W.  
Canton, Ohio 44709

To the Board of Directors:

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

We have audited the Stark Tuscarawas Workforce Development Board, Stark County, Ohio's (STWDB) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on STWDB's major federal program for the year ended June 30, 2021. STWDB's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

***Management's Responsibility***

STWDB's management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for STWDB's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about STWDB's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on the Major Federal Program***

In our opinion, the Stark Tuscarawas Workforce Development Board, Stark County, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2021.

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

Management of STWDB is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered STWDB's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of STWDB'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, in the normal course of performing their assigned functions, to prevent, or to detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



*Charles E. Harris & Associates, Inc.*  
January 20, 2022

**Stark Tuscarawas Workforce Development Board  
Stark County  
Schedule of Findings  
2 CFR § 200.515  
June 30, 2021**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Workforce Investment Act (STWDB) Cluster CFDA #17.258 STWDB Adult Program CFDA #17.259 STWDB Youth Activities CFDA #17.278 STWDB Dislocated Workers
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee under 2 CFR §200.520?</b>	Yes

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

# OHIO AUDITOR OF STATE KEITH FABER



**STARK TUSCARAWAS WORKFORCE DEVELOPMENT BOARD COUNCIL OF GOVERNMENTS**

**STARK 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 3/10/2022**

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](http://www.ohioauditor.gov)