



OHIO AUDITOR OF STATE  
**KEITH FABER**





**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY  
JUNE 30, 2021**

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WAYNE COUNTY  
JUNE 30, 2021**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Wooster City School District  
Wayne County  
144 North Market Street  
Wooster, Ohio 44691

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Wooster City School District, Wayne County, Ohio (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

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

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

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

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**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 20 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

April 20, 2022

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**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

**Financial Highlights**

Key financial highlights for 2021 are as follows:

- In total, net position decreased \$1,537,733 from 2020's net position. Net position of governmental activities decreased \$536,193 from 2020's net position. Business-type activities net position decreased \$1,001,540 from 2020.
- For the governmental activities, general revenues accounted for \$47,922,159 in revenue or 87.07% of total revenues. For the governmental activities, program specific revenues in the form of charges for services and sales, operating and capital grants and contributions accounted for \$7,117,678 or 12.93% of total revenues.
- Total revenues for fiscal year 2021 were \$56,564,606. Of this total, \$55,039,837 was reported in the governmental activities and \$1,524,769 in the business-type activities.
- The District had \$56,742,572 in expenses related to governmental activities; only \$7,117,678 of these expenses was offset by program specific charges for services, operating/capital grants or contributions resulting in a net cost of \$49,624,894 for the District. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$47,922,159 were not adequate to provide for these programs. The governmental activities received a transfer of \$1,166,542 from the business-type activities.
- The District's major governmental fund is the general fund. The general fund had \$51,331,573 in revenues and other financing sources and \$47,283,616 in expenditures and other financing uses. During fiscal year 2021, the general fund's fund balance increased \$4,047,957 from a balance of \$38,466,829 to \$42,514,786.
- The District had no major enterprise funds for fiscal year 2020.

**Using this Annual Financial Report**

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

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund is by far the most significant fund, and the only governmental fund reported as major funds.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Reporting the District as a Whole**

***Statement of Net Position and the Statement of Activities***

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

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

In the statement of net position and the statement of activities, the District is divided into two distinct kinds of activities:

Governmental activities - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, and extracurricular activities.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's food service, uniform school supplies, recreation center, education costs for outside entities, and before/after school child care are reported as business activities.

The District's statement of net position and statement of activities can be found on pages 19-21 of this report.

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 14 and the analysis of the District's enterprise funds begins on page 16. Fund financial reports provide detailed information about the District's major funds.

The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental fund is the general fund. The District has no major enterprise funds.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 22-26 of this report.

***Proprietary Funds***

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole. The basic proprietary fund financial statements can be found on pages 27-29 of this report.

**Reporting the District's Fiduciary Responsibilities**

The District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in a custodial fund. The District's fiduciary activities are reported in separate statement of changes in fiduciary net position on page 30. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 31-70.

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability. The required supplementary information can be found on pages 72-89 of this report.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for 2021 and 2020.

**Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2021	2020	2021	2020	2021	2020
<b><u>Assets</u></b>						
Current and other assets	\$ 82,214,913	\$ 76,426,963	\$ 96,458	\$ 1,474,682	\$ 82,311,371	\$ 77,901,645
Net OPEB asset	2,962,318	2,817,212	21,637	38,775	2,983,955	2,855,987
Capital assets, net	43,722,959	44,394,411	1,183,179	1,233,887	44,906,138	45,628,298
Total assets	<u>128,900,190</u>	<u>123,638,586</u>	<u>1,301,274</u>	<u>2,747,344</u>	<u>130,201,464</u>	<u>126,385,930</u>
<b><u>Deferred outflows</u></b>						
Pension	9,734,285	10,640,379	245,357	251,495	9,979,642	10,891,874
OPEB	1,696,694	1,575,762	107,965	69,966	1,804,659	1,645,728
Total deferred outflows	<u>11,430,979</u>	<u>12,216,141</u>	<u>353,322</u>	<u>321,461</u>	<u>11,784,301</u>	<u>12,537,602</u>
<b><u>Liabilities</u></b>						
Current liabilities	8,296,057	6,894,076	307,111	176,675	8,603,168	7,070,751
Long-term liabilities						
Due within one year	451,554	537,939	37,328	11,425	488,882	549,364
Due in more than one year						
Net pension liability	53,259,406	48,993,727	1,450,941	1,546,378	54,710,347	50,540,105
Net OPEB liability	4,187,269	4,914,112	387,005	444,276	4,574,274	5,358,388
Other amounts	3,020,680	3,383,530	36,416	77,811	3,057,096	3,461,341
Total liabilities	<u>69,214,966</u>	<u>64,723,384</u>	<u>2,218,801</u>	<u>2,256,565</u>	<u>71,433,767</u>	<u>66,979,949</u>
<b><u>Deferred inflows</u></b>						
Property taxes	28,541,594	27,451,334	-	-	28,541,594	27,451,334
Pension	602,057	2,156,176	954,618	1,195,974	1,556,675	3,352,150
OPEB	5,748,899	4,763,987	414,591	548,140	6,163,490	5,312,127
Total deferred inflows	<u>34,892,550</u>	<u>34,371,497</u>	<u>1,369,209</u>	<u>1,744,114</u>	<u>36,261,759</u>	<u>36,115,611</u>
<b><u>Net position</u></b>						
Net investment in capital assets	43,172,787	44,323,489	1,183,179	1,233,887	44,355,966	45,557,376
Restricted	2,590,615	2,035,722	-	-	2,590,615	2,035,722
Unrestricted (deficit)	<u>(9,539,749)</u>	<u>(9,599,365)</u>	<u>(3,116,593)</u>	<u>(2,165,761)</u>	<u>(12,656,342)</u>	<u>(11,765,126)</u>
Total net position (deficit)	<u>\$ 36,223,653</u>	<u>\$ 36,759,846</u>	<u>\$ (1,933,414)</u>	<u>\$ (931,874)</u>	<u>\$ 34,290,239</u>	<u>\$ 35,827,972</u>

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability/asset to equal the District's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

During fiscal year 2021, capital assets, net decreased as additions of \$1,587,973 were exceeded by depreciation expense of \$2,279,780 and disposals, net of \$30,353. Current and other assets increased due primarily to an increase in equity in pooled cash and cash equivalents as a result of current year operations.

Deferred outflows related to pension decreased primarily due to changes in assumptions by the State Teachers Retirement System (STRS). See Note 12 for more detail.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Total assets include a net OPEB asset reported by STRS. See Note 13 for more detail.

Current liabilities increased mainly due to an increase in accrued wages and benefits payable due to an additional payroll being included in the amount for June 30, 2021. Additionally, the District had contracts and retainage payable for a partial new roof and a kitchen remodel at the high school. Long-term liabilities increased primarily due to an increase in the net pension liability. This liability is outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it’s the pension systems that collect, hold and distribute pensions and OPEB to District employees, not the District.

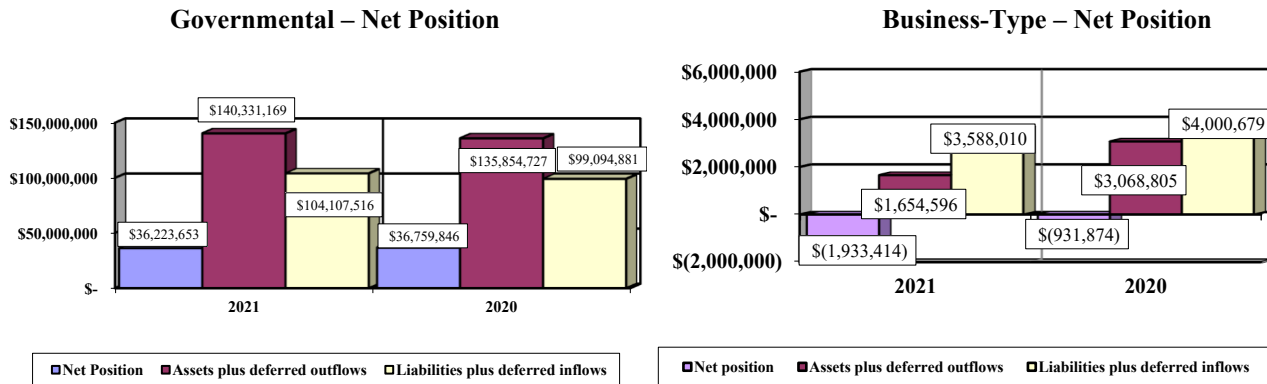
Deferred inflows related to pension decreased primarily due to the net difference between projected and actual earnings on pension plan investments by STRS. See Note 12 for more detail.

Over time, net position can serve as a useful indicator of a government’s financial position. At June 30, 2021, the District’s assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$34,290,239. Of this total, \$2,590,615 is restricted in use.

At year-end, capital assets represented 34.49% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture, equipment, and vehicles, infrastructure, and an ice arena. The net investment in capital assets at June 30, 2021, was \$44,355,966. These capital assets are used to provide services to the students and are not available for future spending. Although the District’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District’s net position, \$2,590,615, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$12,656,342, which is primarily caused by the reporting of the net pension liability described on page 9.

The graphs below show the assets plus deferred outflows, liabilities plus deferred inflows and net position of the governmental activities and business-type activities at June 30, 2021 and 2020.



**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The table below shows the change in net position for fiscal years 2021 and 2020..

**Change in Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 1,463,625	\$ 1,613,972	\$ 386,295	\$ 706,431	\$ 1,849,920	\$ 2,320,403
Operating grants and contributions	5,620,507	5,802,012	1,129,344	960,955	6,749,851	6,762,967
Capital grants and contributions	33,546	-	-	-	33,546	-
General revenues:						
Property taxes	32,940,894	28,489,890	-	-	32,940,894	28,489,890
Grants and entitlements	14,595,592	14,621,285	-	-	14,595,592	14,621,285
Investment earnings	281,106	880,570	7,544	19,368	288,650	899,938
Other	104,567	89,054	1,586	5,095	106,153	94,149
Total revenues	<u>55,039,837</u>	<u>51,496,783</u>	<u>1,524,769</u>	<u>1,691,849</u>	<u>56,564,606</u>	<u>53,188,632</u>
<b>Expenses</b>						
Program expenses:						
Instruction:						
Regular	22,488,396	21,079,636	-	-	22,488,396	21,079,636
Special	9,581,570	8,986,678	-	-	9,581,570	8,986,678
Vocational	136,139	128,502	-	-	136,139	128,502
Other	3,271,209	3,709,040	-	-	3,271,209	3,709,040
Support services:						
Pupil	3,155,982	2,392,299	-	-	3,155,982	2,392,299
Instructional staff	1,290,454	1,422,705	-	-	1,290,454	1,422,705
Board of education	258,703	101,881	-	-	258,703	101,881
Administration	3,540,842	3,838,359	-	-	3,540,842	3,838,359
Fiscal	1,081,480	1,039,683	-	-	1,081,480	1,039,683
Business	160,650	133,866	-	-	160,650	133,866
Operations and maintenance	6,338,335	7,955,123	-	-	6,338,335	7,955,123
Pupil transportation	2,268,920	3,036,627	-	-	2,268,920	3,036,627
Central	686,835	722,039	-	-	686,835	722,039
Operation of non-instructional services	1,364,934	822,551	-	-	1,364,934	822,551
Extracurricular activities	1,023,578	1,066,035	-	-	1,023,578	1,066,035
Depreciation expense	-	-	-	-	-	-
not included in other functions	90,357	90,356	-	-	90,357	90,356
Interest and fiscal charges	4,188	6,344	-	-	4,188	6,344
Food service	-	-	1,459,096	1,495,206	1,459,096	1,495,206
Uniform school supplies	-	-	1,292	2,364	1,292	2,364
Recreation Center	-	-	153,826	159,053	153,826	159,053
Education costs for outside entities	-	-	(363,753)	(95,907)	(363,753)	(95,907)
Before/after school child care	-	-	109,306	109,782	109,306	109,782
Total expenses	<u>56,742,572</u>	<u>56,531,724</u>	<u>1,359,767</u>	<u>1,670,498</u>	<u>58,102,339</u>	<u>58,202,222</u>
Transfers	<u>1,166,542</u>	<u>-</u>	<u>(1,166,542)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in net position	(536,193)	(5,484,941)	(1,001,540)	471,351	(1,537,733)	(5,013,590)
Net position (deficit)						
at beginning of year	<u>36,759,846</u>	<u>42,244,787</u>	<u>(931,874)</u>	<u>(1,403,225)</u>	<u>35,827,972</u>	<u>40,841,562</u>
Net position (deficit) at end of year	<u>\$ 36,223,653</u>	<u>\$ 36,759,846</u>	<u>\$ (1,933,414)</u>	<u>\$ (931,874)</u>	<u>\$ 34,290,239</u>	<u>\$ 35,827,972</u>

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

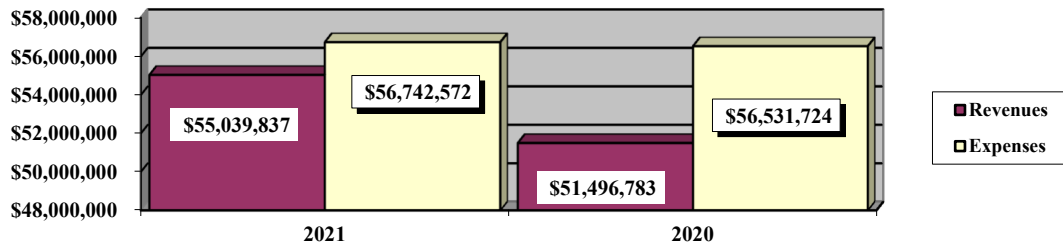
**Governmental Activities**

For fiscal year 2021, the net position of the District's governmental activities decreased \$536,193 from 2020's net position. Total governmental expenses of \$56,742,572 were offset by program revenues of \$7,117,678 and general revenues of \$47,922,159 were not adequate to provide for these activities. Program revenues supported 12.54% of the total governmental expenses. Program revenues decreased \$298,306 or 4.02% primarily due to decreased charges for services caused by decreased special education tuition and less attendance at extracurricular events.

Overall, expenses of the governmental activities increased \$210,848 or 0.37%. Regular instruction expense increased \$1,408,760 or 6.68% due to increased salaries and benefits. The increase in regular instruction expense was offset by a decrease of \$1,616,788 or 20.32% in operations and maintenance expense caused by a reduced number of maintenance and non-capital projects during fiscal year 2021.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2021 and 2020.

**Governmental Activities - Revenues and Expenses**





**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

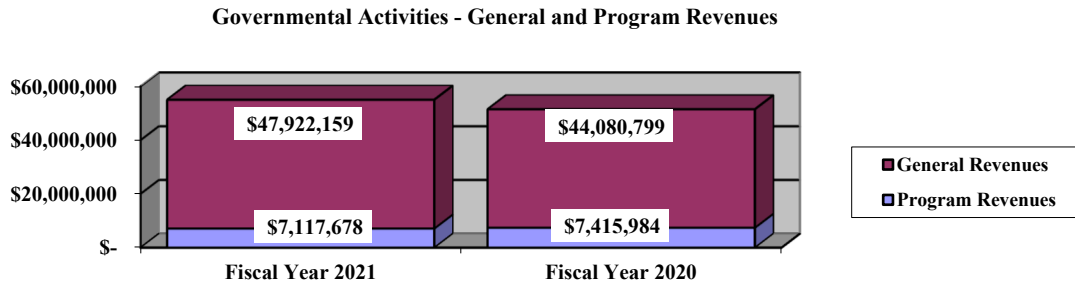
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2021 and 2020. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**Governmental Activities**

	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Program expenses:				
Instruction:				
Regular	\$ 22,488,396	\$ 21,105,257	\$ 21,079,636	\$ 19,326,775
Special	9,581,570	6,703,448	8,986,678	5,843,098
Vocational	136,139	48,136	128,502	40,499
Other	3,271,209	3,220,790	3,709,040	3,649,064
Support services:				
Pupil	3,155,982	2,269,907	2,392,299	1,911,422
Instructional staff	1,290,454	852,523	1,422,705	743,711
Board of education	258,703	258,703	101,881	101,881
Administration	3,540,842	3,493,942	3,838,359	3,805,226
Fiscal	1,081,480	1,058,888	1,039,683	1,009,516
Business	160,650	160,650	133,866	133,866
Operations and maintenance	6,338,335	6,259,350	7,955,123	7,927,511
Pupil transportation	2,268,920	2,118,900	3,036,627	2,878,549
Central	686,835	645,352	722,039	709,439
Operation of non-instructional services	1,364,934	505,573	822,551	277,063
Extracurricular activities	1,023,578	828,930	1,066,035	661,420
Depreciation expense not included in other functions	90,357	90,357	90,356	90,356
Interest and fiscal charges	4,188	4,188	6,344	6,344
<b>Total expenses</b>	<b><u>\$ 56,742,572</u></b>	<b><u>\$ 49,624,894</u></b>	<b><u>\$ 56,531,724</u></b>	<b><u>\$ 49,115,740</u></b>

The dependence upon tax revenues during fiscal year 2021 for governmental activities is apparent, as 87.60% of 2021 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 87.46%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, are the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2021 and 2020.



**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Business-type Activities**

Business-type activities include food service operation, uniform school supplies, recreation center, education costs for outside entities, and before/after school child care program. These programs had revenues of \$1,524,769 and expenses of \$1,359,767 for fiscal year 2021. The enterprise funds transferred \$1,166,542 to the governmental activities during fiscal year 2021. Management reviews these programs to develop policies to allow these services to become self-supporting, exclusive of the impact of the reporting related to GASB 68 and GASB 75 as previously discussed.

The District's largest business-type activities are food service and education costs for outside entities operations. Food service operations had \$53,787 in charges for services and sales, \$1,129,344 in operating grants and contributions and had total expenses of \$1,459,096. Food service program revenues were not sufficient to support food service expenses by \$275,965. Education costs for outside entities had \$208,242 in charges for services and sales and had total expenses of a credit of \$363,753 as a result of a decrease in the net pension liability. Education costs for outside entities program revenues were sufficient to support expenses by \$571,995.

**The District's Funds**

**Governmental Funds**

The District's governmental funds (as presented on the balance sheet on page 22) reported a combined fund balance of \$43,657,039, which is more than last year's fund total of \$39,880,010.

The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2021 and 2020.

	Fund Balance <u>June 30, 2021</u>	Fund Balance <u>June 30, 2020</u>	<u>Change</u>
General	\$ 42,514,786	\$ 38,466,829	\$ 4,047,957
Other governmental	<u>1,142,253</u>	<u>1,413,181</u>	<u>(270,928)</u>
Total	<u>\$ 43,657,039</u>	<u>\$ 39,880,010</u>	<u>\$ 3,777,029</u>

**General Fund**

The District's general fund balance increased \$4,047,957. The table that follows assists in illustrating the revenues of the general fund.

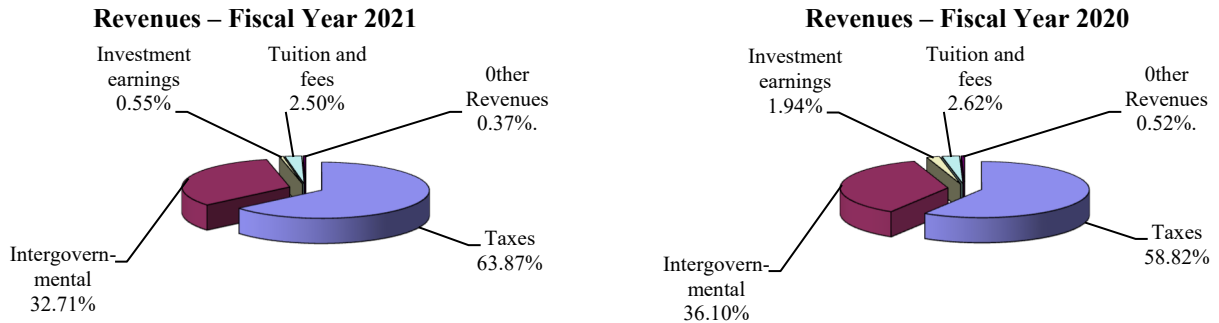
	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Property and other taxes	\$ 32,010,617	\$ 26,428,033	\$ 5,582,584	21.12 %
Intergovernmental	16,392,825	16,220,140	172,685	1.06 %
Investment earnings	273,658	872,457	(598,799)	(68.63) %
Tuition and fees	1,253,787	1,175,064	78,723	6.70 %
Other revenues	<u>190,976</u>	<u>231,809</u>	<u>(40,833)</u>	<u>(17.61) %</u>
Total	<u>\$ 50,121,863</u>	<u>\$ 44,927,503</u>	<u>\$ 5,194,360</u>	<u>11.56 %</u>

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Property and other taxes revenue increased \$5,582,584. Property taxes collected and available as advance are recognized as revenue in the year the District could draw on these advances rather than when cash is received. The amounts that were available as advance were \$3,422,858, \$1,735,000, and \$3,993,644 at June 30, 2021, 2020, and 2019, respectively. Fluctuations in the amounts collected and available as advance will impact property tax revenues reported for the respective fiscal year. Actual general fund tax receipts (cash-basis) for fiscal year 2021 and 2020 were \$30,322,759 and \$28,686,677, respectively. Investment earnings decreased \$598,799 or 68.63% due decreased interest rates on investments. Tuition and fees revenues increased \$78,723 or 6.70% due primarily to increased open enrollment from the prior year. Other revenues decreased \$40,833 or 17.61% from fiscal year 2020 primarily due to a decrease in rental income. Intergovernmental revenues increased \$172,685 or 1.06% due to increased payments from the State of Ohio in the form of foundation payments.

The graphs below show the District's revenues, by source, for fiscal year 2021 and 2020:



The table that follows assists in illustrating the expenditures of the general fund.

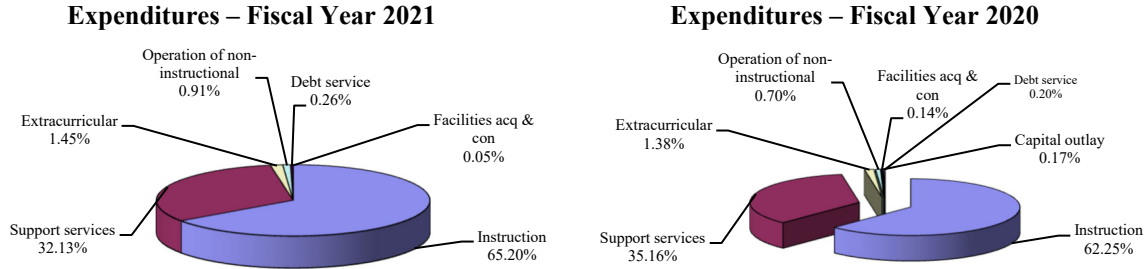
	2021 <u>Amount</u>	2020 <u>Amount</u>	Increase (Decrease)	Percentage Change
<b><u>Expenditures</u></b>				
Instruction	\$ 30,814,006	\$ 28,909,398	\$ 1,904,608	6.59 %
Support services	15,185,995	16,325,154	(1,139,159)	(6.98) %
Operation of non-instructional services	431,544	326,819	104,725	32.04 %
Extracurricular activities	685,046	639,211	45,835	7.17 %
Facilities acquisition and construction	24,625	63,285	(38,660)	(61.09) %
Capital outlay	-	79,335	(79,335)	(100.00) %
Debt service	122,400	92,484	29,916	32.35 %
<b>Total</b>	<b><u>\$ 47,263,616</u></b>	<b><u>\$ 46,435,686</u></b>	<b><u>\$ 827,930</u></b>	<b>1.78 %</b>

In total, expenditures increased 1.78% from 2020 primarily due to normal and customary wage and benefit increases. Support services decreased primarily in operations and maintenance due to the District doing less maintenance projects. Extracurricular activities expense increased due to more participation in activities. Facilities acquisition and construction decreased due to the District undergoing less capital related projects. Capital outlay decreased due to the District entering into a new capital lease for printer equipment in the prior fiscal year. All other expenditures remained consistent by dollar amount with fiscal year 2020.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The graphs below show the District's expenditures, by functional area, for fiscal year 2021 and 2020:



***Nonmajor Governmental Funds***

The nonmajor governmental funds had \$5,611,444 in revenues and other financing sources and \$5,882,372 in expenditures and other financing uses. During fiscal 2021, the nonmajor governmental fund's fund balance decreased \$270,928 from \$1,413,181 to \$1,142,253.

***Enterprise Funds***

The District's enterprise funds reported operating revenues of \$387,881, operating expenses of \$1,359,767, and nonoperating revenues of \$1,136,888. The enterprise funds also reported a transfer out of \$1,166,542. Net position of the enterprise funds decreased \$1,001,540 from a deficit of \$931,874 to a deficit of \$1,933,414. The enterprise funds reported an operating loss of \$971,886.

**General Fund Budgeting Highlights**

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

For the general fund, the final budgeted revenue and other financing sources were \$51,015,101. The original budgeted revenue and other financing sources were \$47,579,817. Actual revenue and other financing sources were \$51,050,230. The difference between the final budgeted revenues and other financing sources and the actual revenues and other financing sources was \$35,129. The negative variance of \$337,437 between actual and final budgeted property tax revenue was due to decreased collections. The difference between the original and final budget of \$3,435,284 was primarily due to anticipated increases in state funding.

Total actual expenditures and other financing uses on the budget basis (cash outlays plus encumbrances) were \$49,095,803. This amount was \$4,127,295 less than the final budgeted amount (appropriations plus prior year encumbrances) primarily due to an overestimation of operations and maintenance expenditures. The final budgeted expenditures and other financing uses and the original budgeted amount were \$53,223,098. Overall, fund balance on the budget basis increased \$1,954,427 over the prior year.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2021, the District had \$44,906,138 invested in land, construction in progress, land improvements, buildings and improvements, furniture, equipment, and vehicles, infrastructure, and ice arena. Of this total, \$43,722,959 was reported in governmental activities and \$1,183,179 was reported in business-type activities.

The table below shows fiscal 2021 balances compared to 2020:

**Capital Assets at June 30 (Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,427,622	\$ 2,427,622	\$ -	\$ -	\$ 2,427,622	\$ 2,427,622
Construction in progress	938,920	-	-	-	938,920	-
Land improvements	391,966	766,892	-	-	391,966	766,892
Buildings and improvements	32,854,344	33,914,722	1,183,179	1,233,887	34,037,523	35,148,609
Furniture, equipment, and vehicles	4,292,294	4,366,477	-	-	4,292,294	4,366,477
Infrastructure	107,128	117,656	-	-	107,128	117,656
Ice arena	2,710,685	2,801,042	-	-	2,710,685	2,801,042
<b>Total</b>	<u>\$ 43,722,959</u>	<u>\$ 44,394,411</u>	<u>\$ 1,183,179</u>	<u>\$ 1,233,887</u>	<u>\$ 44,906,138</u>	<u>\$ 45,628,298</u>

Overall capital assets, net of accumulated depreciation, decreased \$722,160 from fiscal year 2020 to fiscal year 2021. Capital outlays of \$1,587,973 were exceeded by depreciation expense of \$2,279,780 and disposals, net of \$30,353 during the year. See Note 7 to the basic financial statements for more detail on the District's capital assets.

***Debt Administration***

At June 30, 2021, the District has \$19,231 in long-term debt outstanding. All of this total is due within one year. The following table summarizes outstanding long-term debt:

**Outstanding Debt, at Year End**

	Governmental Activities	Governmental Activities
	2021	2020
<b>Long Term Debt:</b>		
Capital leases	<u>\$ 19,231</u>	<u>\$ 137,443</u>

See Note 8 to the basic financial statements for more detail on the District's long-term obligations.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**Current Financial Related Activities**

The District continues to receive strong support from the residents of the District. As the preceding information shows, the District relies heavily on its local property taxpayers.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners), the effective tax rate would become .5 mills, and the owner would still pay \$35.00.

Thus, the District's dependency upon property taxes is hampered by a lack of revenue growth and requires regular return to the voters to maintain a constant level of service. Property taxes made up 59.85% of revenues for governmental activities for the Wooster City Schools in fiscal year 2021.

The District has been affected by changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. During the summer of 2005, the Ohio legislature approved Ohio House Bill 66, which includes the phased-out elimination of the tangible personal property tax. This affected taxes on all business tangible property and public utility property (telephone companies and railroads) – roughly 20% of the District's general fund revenues. For fiscal year 2022, this revenue source is expected to provide approximately \$1,864,950 or 3.75%, of the District's total general fund revenue.

The District successfully passed a new continuing 6.5 mill operating levy in the Spring of 2020. The previous levy request for additional general operating dollars was approved by the taxpayers in 2010. Collection on the newly approved millage is scheduled to begin in January 2021.

Given the economic decline and stress that has been placed on our local community during the COVID 19 Pandemic, the Board of Education voted to direct the Wayne County Auditor to temporarily reduce the amount of this new levy millage by 50% to 3.25 mills during the first calendar year of collection in 2021. The district will begin to receive the full 100% of the new levy beginning in calendar year 2022.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information contact: Amy Welty, Treasurer, at Wooster City School District, 144 N. Market Street, Wooster, Ohio 44691.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2021

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$ 47,974,191	\$ 183,606	\$ 48,157,797
Receivables:			
Property taxes	32,636,762	-	32,636,762
Accounts	8,455	10,370	18,825
Intergovernmental	1,407,691	2,045	1,409,736
Prepayments	71,814	2,136	73,950
Inventory held for resale	-	14,301	14,301
Internal balance	116,000	(116,000)	-
Net OPEB asset (Note 13)	2,962,318	21,637	2,983,955
Capital assets:			
Nondepreciable capital assets	3,366,542	-	3,366,542
Depreciable capital assets, net	40,356,417	1,183,179	41,539,596
Capital assets, net	<u>43,722,959</u>	<u>1,183,179</u>	<u>44,906,138</u>
Total assets	<u>128,900,190</u>	<u>1,301,274</u>	<u>130,201,464</u>
<b>Deferred outflows of resources:</b>			
Pension (Note 12)	9,734,285	245,357	9,979,642
OPEB (Note 13)	1,696,694	107,965	1,804,659
Total deferred outflows of resources	<u>11,430,979</u>	<u>353,322</u>	<u>11,784,301</u>
<b>Liabilities:</b>			
Accounts payable	1,007,570	140,459	1,148,029
Contracts payable	513,032	-	513,032
Retainage payable	31,547	-	31,547
Accrued wages and benefits payable	5,246,760	140,846	5,387,606
Intergovernmental payable	706,761	1,596	708,357
Pension and postemployment benefits payable	790,387	24,210	814,597
Long-term liabilities:			
Due within one year	451,554	37,328	488,882
Due in more than one year:			
Net pension liability (Note 12)	53,259,406	1,450,941	54,710,347
Net OPEB liability (Note 13)	4,187,269	387,005	4,574,274
Other amounts due in more than one year	3,020,680	36,416	3,057,096
Total liabilities	<u>69,214,966</u>	<u>2,218,801</u>	<u>71,433,767</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year	28,541,594	-	28,541,594
Pension (Note 12)	602,057	954,618	1,556,675
OPEB (Note 13)	5,748,899	414,591	6,163,490
Total deferred inflows of resources	<u>34,892,550</u>	<u>1,369,209</u>	<u>36,261,759</u>
<b>Net position:</b>			
Net investment in capital assets	43,172,787	1,183,179	44,355,966
Restricted for:			
Capital projects	1,519,381	-	1,519,381
State funded programs	425,420	-	425,420
Federally funded programs	479,544	-	479,544
Student activities	141,355	-	141,355
Other purposes	24,915	-	24,915
Unrestricted (deficit)	<u>(9,539,749)</u>	<u>(3,116,593)</u>	<u>(12,656,342)</u>
Total net position (deficit)	<u>\$ 36,223,653</u>	<u>\$ (1,933,414)</u>	<u>\$ 34,290,239</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
Instruction:				
Regular	\$ 22,488,396	\$ 1,230,051	\$ 153,088	\$ -
Special	9,581,570	39,015	2,839,107	-
Vocational	136,139	-	88,003	-
Other	3,271,209	-	50,419	-
Support services:				
Pupil	3,155,982	-	886,075	-
Instructional staff	1,290,454	835	437,096	-
Board of education	258,703	-	-	-
Administration	3,540,842	3,813	43,087	-
Fiscal	1,081,480	-	22,592	-
Business	160,650	-	-	-
Operations and maintenance	6,338,335	16,046	62,939	-
Pupil transportation	2,268,920	-	116,474	33,546
Central	686,835	-	41,483	-
Other non-instructional services	1,364,934	-	859,361	-
Extracurricular activities	1,023,578	173,865	20,783	-
Depreciation expense not included in other functions (see Note 7)	90,357	-	-	-
Interest and fiscal charges	4,188	-	-	-
<b>Total governmental activities</b>	<b>56,742,572</b>	<b>1,463,625</b>	<b>5,620,507</b>	<b>33,546</b>
<b>Business-type activities:</b>				
Food service	1,459,096	53,787	1,129,344	-
Uniform school supplies	1,292	200	-	-
Education costs for outside entities	(363,753)	208,242	-	-
Recreation center	153,826	76,609	-	-
Before/after school child care	109,306	47,457	-	-
<b>Total business-type activities</b>	<b>1,359,767</b>	<b>386,295</b>	<b>1,129,344</b>	<b>-</b>
<b>Totals</b>	<b>\$ 58,102,339</b>	<b>\$ 1,849,920</b>	<b>\$ 6,749,851</b>	<b>\$ 33,546</b>

**General revenues:**  
Property taxes levied for:  
    General purposes  
    Capital outlay  
Grants and entitlements not restricted to specific programs  
Investment earnings  
Miscellaneous  
Total general revenues

Transfers

Total general revenues and transfers

Change in net position

**Net position at beginning of year**

**Net position at end of year**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**Net (Expense) Revenue  
and Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (21,105,257)	\$ -	\$ (21,105,257)
(6,703,448)	-	(6,703,448)
(48,136)	-	(48,136)
(3,220,790)	-	(3,220,790)
(2,269,907)	-	(2,269,907)
(852,523)	-	(852,523)
(258,703)	-	(258,703)
(3,493,942)	-	(3,493,942)
(1,058,888)	-	(1,058,888)
(160,650)	-	(160,650)
(6,259,350)	-	(6,259,350)
(2,118,900)	-	(2,118,900)
(645,352)	-	(645,352)
(505,573)	-	(505,573)
(828,930)	-	(828,930)
(90,357)	-	(90,357)
(4,188)	-	(4,188)
<u>(49,624,894)</u>	<u>-</u>	<u>(49,624,894)</u>
-	(275,965)	(275,965)
-	(1,092)	(1,092)
-	571,995	571,995
-	(77,217)	(77,217)
-	(61,849)	(61,849)
<u>-</u>	<u>155,872</u>	<u>155,872</u>
<u>(49,624,894)</u>	<u>155,872</u>	<u>(49,469,022)</u>
31,267,842	-	31,267,842
1,673,052	-	1,673,052
14,595,592	-	14,595,592
281,106	7,544	288,650
104,567	1,586	106,153
<u>47,922,159</u>	<u>9,130</u>	<u>47,931,289</u>
<u>1,166,542</u>	<u>(1,166,542)</u>	<u>-</u>
<u>49,088,701</u>	<u>(1,157,412)</u>	<u>47,931,289</u>
(536,193)	(1,001,540)	(1,537,733)
<u>36,759,846</u>	<u>(931,874)</u>	<u>35,827,972</u>
<u>\$ 36,223,653</u>	<u>\$ (1,933,414)</u>	<u>\$ 34,290,239</u>

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$ 45,354,156	\$ 2,620,035	\$ 47,974,191
Receivables:			
Property taxes	30,992,059	1,644,703	32,636,762
Accounts	7,513	942	8,455
Interfund loans	717,750	-	717,750
Intergovernmental	386,379	1,021,312	1,407,691
Prepayments	68,177	3,637	71,814
Total assets	<u>\$ 77,526,034</u>	<u>\$ 5,290,629</u>	<u>\$ 82,816,663</u>
<b>Liabilities:</b>			
Accounts payable	\$ 727,340	\$ 280,230	\$ 1,007,570
Contracts payable	-	513,032	513,032
Retainage payable	-	31,547	31,547
Accrued wages and benefits payable	4,976,216	270,544	5,246,760
Compensated absences payable	184,704	-	184,704
Intergovernmental payable	564,914	141,847	706,761
Pension and postemployment benefits payable	744,964	45,423	790,387
Interfund loans payable	-	601,750	601,750
Total liabilities	<u>7,198,138</u>	<u>1,884,373</u>	<u>9,082,511</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year	27,104,627	1,436,967	28,541,594
Delinquent property tax revenue not available	464,574	24,771	489,345
Intergovernmental revenue not available	21,444	802,265	823,709
Tuition revenue not available	222,465	-	222,465
Total deferred inflows of resources	<u>27,813,110</u>	<u>2,264,003</u>	<u>30,077,113</u>
<b>Fund balances:</b>			
Nonspendable:			
Prepays	68,177	3,637	71,814
Restricted:			
Capital improvements	-	950,031	950,031
Non-public schools	-	54,971	54,971
State funded programs	-	373,032	373,032
Federally funded programs	-	87	87
Extracurricular	-	141,282	141,282
Other purposes	-	24,872	24,872
Assigned:			
Student instruction	498,444	-	498,444
Student and staff support	849,373	-	849,373
Extracurricular activities	5,760	-	5,760
Facilities acquisition and construction	2,025	-	2,025
Subsequent year's appropriations	1,862,050	-	1,862,050
Operation of non instructional	1,020	-	1,020
Other purposes	74,404	-	74,404
Unassigned (deficit)	<u>39,153,533</u>	<u>(405,659)</u>	<u>38,747,874</u>
Total fund balances	<u>42,514,786</u>	<u>1,142,253</u>	<u>43,657,039</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 77,526,034</u>	<u>\$ 5,290,629</u>	<u>\$ 82,816,663</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2021

<b>Total governmental fund balances</b>		\$	43,657,039
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			43,722,959
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	489,345	
Intergovernmental receivable		1,046,174	
Total		<u>1,535,519</u>	1,535,519
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		9,734,285	
Deferred inflows - pension		(602,057)	
Net pension liability		(53,259,406)	
Deferred outflows - OPEB		1,696,694	
Deferred inflows - OPEB		(5,748,899)	
Net OPEB asset		2,962,318	
Net OPEB liability		(4,187,269)	
Total		<u>(49,404,334)</u>	(49,404,334)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Capital lease obligations		(19,231)	
Compensated absences		(3,268,299)	
Total		<u>(3,287,530)</u>	(3,287,530)
<b>Net position of governmental activities</b>		<u>\$</u>	<u>36,223,653</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<b>General</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
Property taxes	\$ 32,010,617	\$ 1,714,483	\$ 33,725,100
Intergovernmental	16,392,825	3,630,564	20,023,389
Investment earnings	273,658	9,347	283,005
Tuition and fees	1,253,787	-	1,253,787
Extracurricular	65,026	128,755	193,781
Rental income	16,046	-	16,046
Charges for services	-	11	11
Contributions and donations	5,337	104,827	110,164
Miscellaneous	104,567	3,457	108,024
<b>Total revenues</b>	<b>50,121,863</b>	<b>5,591,444</b>	<b>55,713,307</b>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	19,707,801	138,612	19,846,413
Special	7,759,899	1,233,575	8,993,474
Vocational	122,222	-	122,222
Other	3,224,084	44,182	3,268,266
Support services:			
Pupil	2,015,276	956,571	2,971,847
Instructional staff	839,990	367,698	1,207,688
Board of education	277,023	-	277,023
Administration	3,454,206	41,629	3,495,835
Fiscal	1,028,227	48,340	1,076,567
Business	152,129	-	152,129
Operations and maintenance	4,344,156	111,818	4,455,974
Pupil transportation	2,447,646	33,546	2,481,192
Central	627,342	38,417	665,759
Other non-instructional services	431,544	876,240	1,307,784
Extracurricular activities	685,046	239,471	924,517
Facilities acquisition and construction	24,625	1,709,105	1,733,730
Debt service:			
Principal retirement	118,212	-	118,212
Interest and fiscal charges	4,188	-	4,188
<b>Total expenditures</b>	<b>47,263,616</b>	<b>5,839,204</b>	<b>53,102,820</b>
Excess of revenues over (under) expenditures	2,858,247	(247,760)	2,610,487
<b>Other financing sources (uses):</b>			
Transfers in	1,209,710	20,000	1,229,710
Transfers (out)	(20,000)	(43,168)	(63,168)
<b>Total other financing sources (uses)</b>	<b>1,189,710</b>	<b>(23,168)</b>	<b>1,166,542</b>
Net change in fund balances	4,047,957	(270,928)	3,777,029
<b>Fund balances at beginning of year</b>	<b>38,466,829</b>	<b>1,413,181</b>	<b>39,880,010</b>
<b>Fund balances at end of year</b>	<b>\$ 42,514,786</b>	<b>\$ 1,142,253</b>	<b>\$ 43,657,039</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<b>Net change in fund balances - total governmental funds</b>	\$	3,777,029
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 1,587,973	
Current year depreciation	(2,229,072)	
Total		(641,099)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(30,353)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(784,206)	
Intergovernmental	133,182	
Total		(651,024)
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		118,212
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	3,715,090	
OPEB	125,988	
Total		3,841,078
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(7,332,744)	
OPEB	(118,019)	
Total		(7,450,763)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		500,727
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>(536,193)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property taxes	\$ 29,551,603	\$ 30,660,196	\$ 30,322,759	\$ (337,437)
Intergovernmental	15,844,341	17,630,846	16,257,803	(1,373,043)
Investment earnings	266,165	428,463	273,111	(155,352)
Tuition and fees	1,222,760	1,299,085	1,254,669	(44,416)
Extracurricular	45,161	29,829	46,339	16,510
Rental income	15,737	16,683	16,148	(535)
Miscellaneous	634,050	(35,026)	650,596	685,622
Total revenues	<u>47,579,817</u>	<u>50,030,076</u>	<u>48,821,425</u>	<u>(1,208,651)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	20,235,970	20,235,970	19,394,434	841,536
Special	8,298,014	8,298,014	7,968,374	329,640
Vocational	124,740	124,740	120,227	4,513
Other	3,476,797	3,476,797	3,481,217	(4,420)
Support services:				
Pupil	2,574,412	2,574,412	2,111,725	462,687
Instructional staff	1,125,548	1,125,548	864,525	261,023
Board of education	322,885	322,885	304,428	18,457
Administration	3,657,693	3,657,693	3,397,766	259,927
Fiscal	993,167	993,167	1,013,416	(20,249)
Business	207,965	207,965	141,162	66,803
Operations and maintenance	6,082,347	6,082,347	4,865,674	1,216,673
Pupil transportation	3,099,305	3,099,305	2,896,553	202,752
Central	656,641	656,641	611,696	44,945
Operation of non-instructional services:				
Other non-instructional services	522,953	522,953	433,039	89,914
Extracurricular activities	796,604	796,604	727,167	69,437
Facilities acquisition and construction	26,554	26,554	26,650	(96)
Total expenditures	<u>52,201,595</u>	<u>52,201,595</u>	<u>48,358,053</u>	<u>3,843,542</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,621,778)</u>	<u>(2,171,519)</u>	<u>463,372</u>	<u>2,634,891</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures	-	64,775	98,845	34,070
Transfers in	-	-	1,209,710	1,209,710
Transfers (out)	(20,041)	(20,041)	(20,000)	41
Advances in	-	920,250	920,250	-
Advances (out)	(1,001,462)	(1,001,462)	(717,750)	283,712
Total other financing sources (uses)	<u>(1,021,503)</u>	<u>(36,478)</u>	<u>1,491,055</u>	<u>1,527,533</u>
Net change in fund balance	(5,643,281)	(2,207,997)	1,954,427	4,162,424
<b>Fund balance at beginning of year</b>	39,562,414	39,562,414	39,562,414	-
<b>Prior year encumbrances appropriated</b>	2,123,098	2,123,098	2,123,098	-
<b>Fund balance at end of year</b>	<u>\$ 36,042,231</u>	<u>\$ 39,477,515</u>	<u>\$ 43,639,939</u>	<u>\$ 4,162,424</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2021

	<b>Nonmajor Enterprise Funds</b>
<b>Assets:</b>	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 183,606
Receivables:	
Accounts	10,370
Intergovernmental	2,045
Prepayments	2,136
Inventory held for resale	14,301
Total current assets	212,458
Noncurrent assets:	
Net OPEB asset (Note 13)	21,637
Depreciable capital assets, net	1,183,179
Total noncurrent assets	1,204,816
Total assets	1,417,274
<b>Deferred outflows of resources:</b>	
Pension (Note 12)	245,357
OPEB (Note 13)	107,965
Total deferred outflows of resources	353,322
<b>Liabilities:</b>	
Current:	
Accounts payable	140,459
Accrued wages and benefits	140,846
Compensated absences	37,328
Pension and postemployment benefits payable	24,210
Interfund loan payable	116,000
Intergovernmental payable	1,596
Total current liabilities	460,439
Long-term liabilities:	
Compensated absences payable	36,416
Net pension liability (Note 12)	1,450,941
Net OPEB liability (Note 13)	387,005
Total long-term liabilities	1,874,362
Total liabilities	2,334,801
<b>Deferred inflows of resources:</b>	
Pension (Note 12)	954,618
OPEB (Note 13)	414,591
Total deferred inflows of resources	1,369,209
<b>Net position:</b>	
Investment in capital assets	1,183,179
Unrestricted	(3,116,593)
Total net position (deficit)	\$ (1,933,414)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<b>Nonmajor Enterprise Funds</b>
<b>Operating revenues:</b>	
Tuition and fees	\$ 28,154
Sales/charges for services	309,686
Other	1,586
Rental income	48,455
Total operating revenues	<u>387,881</u>
<b>Operating expenses:</b>	
Personal services	516,056
Purchased services	662,072
Materials and supplies	126,770
Other	4,161
Depreciation	50,708
Total operating expenses	<u>1,359,767</u>
Operating (loss)	<u>(971,886)</u>
<b>Nonoperating revenues:</b>	
Grants and subsidies	1,023,386
Interest revenue	7,544
Federal donated commodities	105,958
Total nonoperating revenues	<u>1,136,888</u>
Income before transfers	165,002
Transfer out	<u>(1,166,542)</u>
Change in net position	(1,001,540)
<b>Net position at beginning of year</b>	<u>(931,874)</u>
<b>Net position at end of year</b>	<u>\$ (1,933,414)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<b>Nonmajor Enterprise Funds</b>
<b>Cash flows from operating activities:</b>	
Cash received from tuition and fees	\$ 27,648
Cash received from sales/charges for services	301,769
Cash received from rentals	48,455
Cash received from other operations	1,586
Cash payments for personal services	(1,059,460)
Cash payments for contractual services	(549,313)
Cash payments for materials and supplies	(18,657)
Cash payments for other expenses	(4,161)
	(1,252,133)
Net cash (used in) operating activities	(1,252,133)
<b>Cash flows from noncapital financing activities:</b>	
Cash received from grants and subsidies	1,023,386
Cash used in transfers	(1,166,542)
Cash received from interfund loans	116,000
	(27,156)
Net cash (used in) noncapital financing activities	(27,156)
<b>Cash flows from investing activities:</b>	
Interest received	7,544
	7,544
Net cash provided by investing activities	7,544
Net (decrease) in cash and cash cash equivalents	(1,271,745)
<b>Cash and cash equivalents at beginning of year</b>	<b>1,455,351</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 183,606</b>
<b>Reconciliation of operating (loss) to net cash (used in) operating activities:</b>	
Operating (loss)	\$ (971,886)
Adjustments:	
Depreciation	50,708
Federal donated commodities	105,958
Changes in assets and liabilities:	
(Increase) in accounts receivable	(8,423)
(Increase) in intergovernmental receivable	(2,045)
Decrease in prepayments	821
Decrease in inventory held for resale	126
(Decrease) in net pension liability	(95,437)
(Decrease) in net OPEB liability	(57,271)
Decrease in net OPEB asset	17,138
Decrease in deferred outflows - pensions	6,138
(Increase) in deferred outflows - OPEBs	(37,999)
(Decrease) in deferred intflows - pensions	(241,356)
(Decrease) in deferred intflows - OPEBs	(133,549)
Increase in accounts payable	114,788
Increase in accrued wages and benefits	11,653
Increase in intergovernmental payable	247
(Decrease) in compensated absences payable	(15,492)
Increase in Pension and postemployment benefits payable	3,748
	(971,886)
Net cash (used in) operating activities	\$ (1,252,133)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u><b>Custodial</b></u>
<b>Deductions:</b>	
Extracurricular distributions to OHSAA	\$ <u>732</u>
Change in net position	(732)
<b>Net position at beginning of year</b>	<u>732</u>
<b>Net position at end of year</b>	<u><u>\$ -</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 1 - DESCRIPTION OF THE DISTRICT**

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

The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. The Board controls the District's ten instructional/support facilities.

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

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

**A. Reporting Entity**

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

The City of Wooster and the Wooster Public Library perform activities within the District's boundaries for the benefit of residents and are excluded from the accompanying financial statements of the District. Both are legally separate entities that are not fiscally dependent on the District. The District is not financially accountable for either of these two entities.

The District participates in two public entity risk pools and one jointly governed organization. These organizations include the Ohio School Comp Workers' Compensation Group Rating Program (GRP), the Stark County Schools Council of Governments Health Benefit Plan (Stark County Schools COG HBP) and the Midland COG. These organizations are presented in Notes 10 and 14 to the basic financial statements.

**B. Basis of Presentation**

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

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

**C. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

The following are the District's major governmental funds:

*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 the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*PROPRIETARY FUND TYPE*

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The following are the District's proprietary fund types:

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The District had no major enterprise funds.

The nonmajor enterprise funds are used to account for food service, uniform school supplies, recreation center, education costs for outside entities, and before/after school childcare.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. The District does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial fund accounts for monies collected on behalf of and disbursed to the Ohio High School Athletic Association and other Districts.

**D. Measurement Focus**

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**E. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and deferred 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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 5). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District 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: property taxes available as an advance, interest, tuition, grants, student fees, and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Note 12 and Note 13 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Note 12 and Note 13 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as "federal donated commodities".

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

**F. Cash and Cash Equivalents**

To improve cash management, all cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2021, investments were limited to non-negotiable certificates of deposit and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments in non-negotiable certificates are reported at cost while investments in STAR Ohio are reported at amortized cost as described below.

In fiscal year 2021, the District invested in STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$273,658, which includes \$4,043 assigned from other District funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

**G. Inventory**

Within the basic financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories of the general fund were not significant at year-end. Inventories of the food service enterprise fund consist of donated and purchased food and supplies.

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**H. Restricted Assets**

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The District had no restricted assets at June 30, 2021.

**I. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land	N/A	N/A
Land Improvements	5 Years	N/A
Buildings and Improvements	20 - 125 Years	50 Years
Furniture, Equipment, and Vehicles	5 - 15 Years	10 Years
Infrastructure	20 - 50 Years	N/A
Ice Arena	50 Years	N/A

**J. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables" and receivables and payables resulting from interfund goods and services provided are classified and "due to/due from other funds." These interfund balances are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as a component of "internal balance" on the statement of net position.

**K. Compensated Absences**

GASB Statement No. 16 specifies that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met.

1. The employees' rights to receive compensation are attributable to services already rendered.



**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Other compensated absences with characteristics similar to vacation leave are those which are not contingent on a specific event outside the control of the employer and employee.

Further, sick leave and other similar compensated absences are those which are contingent on a specific event that is outside the control of the employer and employee. The District has accrued a liability for these compensated absences using the termination method when the following criterion is met.

The benefits are earned by the employees and it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employees' retirement ("termination payments").

The sick leave liability has been based on the District's past experience of making termination payments for sick leave.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**L. Accrued Liabilities and Long-Term Obligations**

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

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

**M. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing (including contracts and retainage payable) used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents local resources received that are restricted to support of school operations.

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

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**N. Fund Balance**

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

Unassigned - 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 only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

**O. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service, uniform school supplies, recreation center fees, tuition and fees for IB program, and charges for services for before/after school child care. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenue and expenses not meeting these definitions are classified as nonoperating.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**P. Contributions of Capital**

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds received no capital contributions during the current fiscal year.

**Q. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds.

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related 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.

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2021.

**T. Estimates**

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

**U. Budgetary Data**

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

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

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

**V. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. These items are reported in the financial statements using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is considered nonspendable in an amount equal to the carrying value of the asset on the fund financial statements.

**W. Fair Value Measurements**

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. At June 30, 2021, the District had no investments which are at fair value and subject to the fair value measurements. See Note 2.F. for detail on the District's investments.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2021, the District has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended June 30, 2021. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed until the fiscal year ended June 30, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances**

Fund balances at June 30, 2021 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Public school preschool	\$ 50,859
Miscellaneous state grants	101,878
Elementary and secondary school emergency relief	562
IDEA Part B	207,078
Title I	41,747
Supporting effective instruction	282

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations; reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Custodial credit risk for an investment is the risk that in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investment in repurchase agreements is to be secured by the specific government securities upon which the repurchase agreements are based. These securities, held by the counterparty and not in the District's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. Ohio law requires the fair value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a repurchase agreement by 2%. The District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

**A. Deposits with Financial Institutions**

At June 30, 2021, the carrying amount of all District deposits, including \$22,750,000 in nonnegotiable certificates of deposit, was \$22,771,636 and the bank balance of all District deposits was \$23,653,500. Of the bank balance, \$23,005,202 was covered by the FDIC, \$324,149 was covered by the Ohio Pooled Collateral System and \$324,149 was exposed to custodial credit risks as described below.

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2021, the District's financial institutions were approved for a collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

**B. Investments**

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

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>Investment Maturity</u> 6 months or less
Amortized Cost:		
STAR Ohio	\$ 25,386,161	\$ 25,386,161

The District's weighted average maturity for investments in STAR Ohio is 1 day.

*Interest Rate Risk:* The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the District.

*Credit Risk:* Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. STAR Ohio carries a rating of AAAM by Standard and Poor's.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount the District may invest in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2021:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
Amortized Cost:		
STAR Ohio	\$ 25,386,161	100.00

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Reconciliation of cash and investments to the statement of net position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported above on the statement of net position as of June 30, 2021:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 22,771,636
Investments	<u>25,386,161</u>
Total	<u>\$ 48,157,797</u>
 <u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	\$ 47,974,191
Business-type activities	<u>183,606</u>
Total	<u>\$ 48,157,797</u>

**NOTE 5 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed values as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Public utility real and personal property taxes received in calendar year 2021 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Wayne County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available as an advance at June 30, 2021 was \$3,422,858 in the general fund and \$182,965 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2020 was \$1,735,000 in the general fund and \$140,000 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2021 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow.



**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 5 - PROPERTY TAXES - (Continued)**

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

	2020 Second Half Collections		2021 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 658,640,350	95.11	\$ 760,568,410	95.44
Public utility personal	<u>33,899,200</u>	<u>4.89</u>	<u>36,380,380</u>	<u>4.56</u>
Total	<u>\$ 692,539,550</u>	<u>100.00</u>	<u>\$ 796,948,790</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 76.35		\$ 79.60	

**NOTE 6 - RECEIVABLES**

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

A summary of the principal items of intergovernmental receivables reported on the statement of net position follows:

	<u>Tuition Costs</u>	<u>State and Federal Grants</u>	<u>SERS Overpayment</u>	<u>Total</u>
Governmental activities	\$ 222,465	\$ 1,162,780	\$ 22,446	\$ 1,407,691
Business-type activities	<u>-</u>	<u>-</u>	<u>2,045</u>	<u>2,045</u>
Total	<u>\$ 222,465</u>	<u>\$ 1,162,780</u>	<u>\$ 24,491</u>	<u>\$ 1,409,736</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 7 - CAPITAL ASSETS**

Governmental activities capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance 06/30/20	Additions	Deductions	Balance 06/30/21
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,427,622	\$ -	\$ -	\$ 2,427,622
Construction in progress	-	938,920	-	938,920
Total capital assets, not being depreciated	<u>2,427,622</u>	<u>938,920</u>	<u>-</u>	<u>3,366,542</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	6,314,667	-	-	6,314,667
Buildings and improvements	59,758,651	-	-	59,758,651
Furniture, equipment, and vehicles	8,967,933	649,053	(252,738)	9,364,248
Infrastructure	216,277	-	-	216,277
Ice arena *	4,517,809	-	-	4,517,809
Total capital assets, being depreciated	<u>79,775,337</u>	<u>649,053</u>	<u>(252,738)</u>	<u>80,171,652</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(5,547,775)	(374,926)	-	(5,922,701)
Buildings and improvements	(25,843,929)	(1,060,378)	-	(26,904,307)
Furniture, equipment, and vehicles	(4,601,456)	(692,883)	222,385	(5,071,954)
Infrastructure	(98,621)	(10,528)	-	(109,149)
Ice arena *	(1,716,767)	(90,357)	-	(1,807,124)
Total accumulated depreciation	<u>(37,808,548)</u>	<u>(2,229,072)</u>	<u>222,385</u>	<u>(39,815,235)</u>
Governmental activities capital assets, net	<u>\$ 44,394,411</u>	<u>\$ (641,099)</u>	<u>\$ (30,353)</u>	<u>\$ 43,722,959</u>

Depreciation expense was charged to governmental functions as follows:

**Governmental activities:**

Instruction:

Regular \$ 863,215

Support Services:

Board of education 462

Administration 2,824

Operations and maintenance of plant 1,007,812

Pupil transportation 215,896

Central 2,467

Operation of non-instructional 500

Extracurricular activities 45,539

Depreciation expense not included

in other functions \* 90,357

Total governmental activities \$ 2,229,072

\*The ice arena was donated to the District and is operated by the Donald and Alice Noble foundation, Inc. The District does not collect any fees or pay any expenses to operate the facility.

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 7 - CAPITAL ASSETS - (Continued)**

Business-type activities capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance 06/30/20	Additions	Deductions	Balance 06/30/21
<b>Business-type activities:</b>				
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	\$ 2,535,383	\$ -	\$ -	\$ 2,535,383
Furniture and equipment	<u>293,515</u>	<u>-</u>	<u>(13,106)</u>	<u>280,409</u>
Total capital assets, being depreciated	<u>2,828,898</u>	<u>-</u>	<u>(13,106)</u>	<u>2,815,792</u>
<i>Less: accumulated depreciation</i>				
Buildings and improvements	(1,301,496)	(50,708)	-	(1,352,204)
Furniture and equipment	<u>(293,515)</u>	<u>-</u>	<u>13,106</u>	<u>(280,409)</u>
Total accumulated depreciation	<u>(1,595,011)</u>	<u>(50,708)</u>	<u>13,106</u>	<u>(1,632,613)</u>
Business-type activities capital assets, net	<u>\$ 1,233,887</u>	<u>\$ (50,708)</u>	<u>\$ -</u>	<u>\$ 1,183,179</u>

Depreciation expense was charged to the business-type activities as follows:

<b>Business-type activities:</b>	
Recreation center	<u>\$ 50,708</u>

**NOTE 8 - LONG-TERM OBLIGATIONS**

During the fiscal year 2021, the following activity occurred in the District's long-term obligations.

	Balance 06/30/20	Increases	Decreases	Balance 06/30/21	Amount Due Within One Year
<b>Governmental activities:</b>					
Net pension liability:					
STRS	\$ 37,615,903	\$ 3,167,933	\$ -	\$ 40,783,836	\$ -
SERS	<u>11,377,824</u>	<u>1,097,746</u>	<u>-</u>	<u>12,475,570</u>	<u>-</u>
Total net pension liability	<u>48,993,727</u>	<u>4,265,679</u>	<u>-</u>	<u>53,259,406</u>	<u>-</u>
Net OPEB liability:					
SERS	4,914,112	-	(726,843)	4,187,269	-
Total net OPEB liability	<u>4,914,112</u>	<u>-</u>	<u>(726,843)</u>	<u>4,187,269</u>	<u>-</u>
Capital lease obligation	137,443	-	(118,212)	19,231	19,231
Compensated absences	<u>3,784,026</u>	<u>99,054</u>	<u>(430,077)</u>	<u>3,453,003</u>	<u>432,323</u>
Total long-term obligations	<u>\$ 57,829,308</u>	<u>\$ 4,364,733</u>	<u>\$ (1,275,132)</u>	<u>\$ 60,918,909</u>	<u>\$ 451,554</u>

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

	Balance			Balance	Amount
<u>Business-type activities:</u>	<u>06/30/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/21</u>	<u>Due Within</u>
					<u>One Year</u>
Net pension liability:					
STRS	\$ 517,729	\$ -	\$ (219,831)	\$ 297,898	\$ -
SERS	<u>1,028,649</u>	<u>124,394</u>	<u>-</u>	<u>1,153,043</u>	<u>-</u>
Total net pension liability	<u>1,546,378</u>	<u>124,394</u>	<u>(219,831)</u>	<u>1,450,941</u>	<u>-</u>
Net OPEB liability:					
SERS	<u>444,276</u>	<u>-</u>	<u>(57,271)</u>	<u>387,005</u>	<u>-</u>
Total net OPEB liability	<u>444,276</u>	<u>-</u>	<u>(57,271)</u>	<u>387,005</u>	<u>-</u>
Compensated absences	<u>89,236</u>	<u>-</u>	<u>(15,492)</u>	<u>73,744</u>	<u>37,328</u>
Total long-term obligations	<u>\$ 2,079,890</u>	<u>\$ 124,394</u>	<u>\$ (292,594)</u>	<u>\$ 1,911,690</u>	<u>\$ 37,328</u>

Net Pension Liability

See Note 12 for further information on the District's net pension liability. The District pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability/Asset

See Note 13 for further information on the District's net OPEB liability/asset. The District pays obligations related to employee compensation from the fund benefitting from their service.

Capital Lease Obligation

See Note 18 for further information on the District's capital lease obligations.

Compensated Absences

Compensated absences will be paid from the general fund and the food service and education costs for outside entities enterprise funds.

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2021, are a voted debt margin of \$71,725,391 (including available funds of \$0) and an unvoted debt margin of \$796,949.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 9 - INTERFUND TRANSACTIONS**

A. Transfers for the year ended June 30, 2021 consisted of the following as reported on the fund financial statements:

<u>Transfers To</u>	<u>Transfers From</u>			
	<u>General</u>	<u>Nonmajor Governmental</u>	<u>Nonmajor Enterprise</u>	<u>Total</u>
General fund	\$ -	\$ 43,168	\$ 1,166,542	\$ 1,209,710
Nonmajor governmental funds	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Total	<u>\$ 20,000</u>	<u>\$ 43,168</u>	<u>\$ 1,166,542</u>	<u>\$ 1,229,710</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The transfers from the nonmajor governmental funds and the nonmajor enterprise funds to the general fund are to close certain special cost centers of the District that are no longer in use.

B. Interfund loans receivable/payable at June 30, 2021 consisted of the following as reported on the fund financial statements:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 717,750	\$ -
Nonmajor governmental funds	-	601,750
Nonmajor enterprise funds	<u>-</u>	<u>116,000</u>
Total	<u>\$ 717,750</u>	<u>\$ 717,750</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund balances between governmental funds are eliminated on the government-wide statement of net position. Interfund balances between governmental funds and enterprise funds are reported as a component of internal balance on the government-wide statement of net position.

**NOTE 10 - RISK MANAGEMENT**

**A. Property and Liability**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District insures its buildings and their contents through insurance having a \$1,000 deductible and providing replacement cost for such items. An inventory of all loose equipment is conducted periodically.

Appropriate liability insurance is maintained in the amount of \$4,000,000 for each occurrence and \$6,000,000 aggregate. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 10 - RISK MANAGEMENT - (Continued)**

Educational Crime Coverage is maintained on all employees handling or responsible for money in the amount of \$100,000.

By state statute, Bond is provided by all contractors in amounts sufficient to cover the entire bid amount awarded to the contractor.

Claims have not exceeded coverage in any of the previous 3 years nor has there been any significant reductions in coverage from the previous year.

**B. Workers' Compensation**

The District participates in the Ohio School Comp Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. This represents a merger of individual pooling programs for the Ohio School Boards Association (OSBA) and the Ohio Association of School Business Officials (OASBO). Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP.

**C. Employee Health, Prescription Drug and Dental Insurance**

The District is a member of the Stark County Schools Council of Governments Health Benefit Plan (the Council), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the "Program") is an employee health benefit plan which covers the participating members' employees. The Council acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purpose of paying health benefit claims for employees and their covered dependents, administrative expenses of the program, and premiums for stop-loss insurance coverage. The District accounts for the premiums paid as expenditures in the general or applicable fund.

**NOTE 11 - COMPENSATED ABSENCES**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and state laws. Classified employees earn up to twenty days of vacation per year depending upon length of service. Vacation days are credited to classified employees as earned. Accumulated, unused vacation time is paid to classified employees upon termination or retirement. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. For employees with 10 to 30 years of service, a percentage of unused sick time is paid upon retirement at 50% of the maximum number of days accumulated not to exceed 275 days for certificated staff and classified staff. For employees with more than 30 years of service, a percentage of unused sick time is paid upon retirement at the lesser of 65 days or 25% of the maximum number of days accumulated not to exceed 275 days for certificated staff and classified staff.

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Net OPEB Liability/Asset***

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

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

***Plan Description - School Employees Retirement System (SERS)***

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

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Age and service requirements for retirement are as follows:

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

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

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

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the start of a COLA for future retirees. For 2021, the COLA was 0.5%.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District's contractually required contribution to SERS was \$968,167 for fiscal year 2021. Of this amount, \$175,138 is reported as pension and postemployment benefits payable.

***Plan Description - State Teachers Retirement System (STRS)***

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

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.



**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

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

The District's contractually required contribution to STRS was \$2,849,497 for fiscal year 2021. Of this amount, \$501,827 is reported as pension and postemployment benefits payable.

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.20735600%	0.17243802%	
Proportion of the net pension liability current measurement date	<u>0.20605050%</u>	<u>0.16978420%</u>	
Change in proportionate share	<u>-0.00130550%</u>	<u>-0.00265382%</u>	
Proportionate share of the net pension liability	\$ 13,628,613	\$ 41,081,734	\$ 54,710,347
Pension expense	\$ 1,818,161	\$ 5,286,503	\$ 7,104,664

Of the District's total pension expense of \$7,104,664, \$7,332,744 is reported in the governmental activities and (\$228,080) is reported in the business-type activities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 26,474	\$ 92,177	\$ 118,651
Net difference between projected and actual earnings on pension plan investments	865,139	1,997,811	2,862,950
Changes of assumptions	-	2,205,295	2,205,295
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	150,419	824,663	975,082
Contributions subsequent to the measurement date	<u>968,167</u>	<u>2,849,497</u>	<u>3,817,664</u>
Total deferred outflows of resources	<u>\$ 2,010,199</u>	<u>\$ 7,969,443</u>	<u>\$ 9,979,642</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 262,690	\$ 262,690
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>95,232</u>	<u>1,198,753</u>	<u>1,293,985</u>
Total deferred inflows of resources	<u>\$ 95,232</u>	<u>\$ 1,461,443</u>	<u>\$ 1,556,675</u>

\$3,817,664 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Of the total contributions made subsequent to the measurement date, \$3,715,090 relates to governmental activities and \$102,574 relates to business-type activities.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ 60,697	\$ 1,347,297	\$ 1,407,994
2023	254,634	555,683	810,317
2024	360,607	972,093	1,332,700
2025	270,862	783,430	1,054,292
Total	\$ 946,800	\$ 3,658,503	\$ 4,605,303

***Actuarial Assumptions - SERS***

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

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

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

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investment expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	1.85 %
US Equity	22.50	5.75
International Equity	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

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

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

	Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 18,669,537	\$ 13,628,613	\$ 9,399,184

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Actuarial Assumptions - STRS***

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

	July 1, 2020
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

For the July 1, 2020, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

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

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FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 58,493,239	\$ 41,081,734	\$ 26,326,936

**NOTE 13 - DEFINED BENEFIT OPEB PLANS**

**Net OPEB Liability/Asset**

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

**Plan Description - School Employees Retirement System (SERS)**

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

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

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was \$137,632.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$137,632 for fiscal year 2021. Of this amount, \$137,632 is reported as pension and postemployment benefits payable.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

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

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

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

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**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.21307500%	0.17243802%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.21047330%</u>	<u>0.16978420%</u>	
Change in proportionate share	<u>-0.00260170%</u>	<u>-0.00265382%</u>	
Proportionate share of the net OPEB liability	\$ 4,574,274	\$ -	\$ 4,574,274
Proportionate share of the net OPEB asset	\$ -	\$ 2,983,955	\$ 2,983,955
OPEB expense	\$ 70,726	\$ (152,745)	\$ (82,019)

Of the District's total OPEB expense of (\$82,019), (\$118,019) is reported in the governmental activities and \$36,000 is reported in the business-type activities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 60,079	\$ 191,200	\$ 251,279
Net difference between projected and actual earnings on OPEB plan investments	51,540	104,578	156,118
Changes of assumptions	779,754	49,258	829,012
Difference between employer contributions and proportionate share of contributions/change in proportionate share	313,276	117,342	430,618
Contributions subsequent to the measurement date	<u>137,632</u>	<u>-</u>	<u>137,632</u>
Total deferred outflows of resources	<u>\$ 1,342,281</u>	<u>\$ 462,378</u>	<u>\$ 1,804,659</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 2,326,337	\$ 594,361	\$ 2,920,698
Changes of assumptions	115,216	2,834,258	2,949,474
Difference between employer contributions and proportionate share of contributions/change in proportionate share	<u>253,259</u>	<u>40,059</u>	<u>293,318</u>
Total deferred inflows of resources	<u>\$ 2,694,812</u>	<u>\$ 3,468,678</u>	<u>\$ 6,163,490</u>



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

\$137,632 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2022. Of the total contributions made subsequent to the measurement date, \$125,988 relates to governmental activities and \$11,644 relates to business-type activities.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ (294,329)	\$ (747,671)	\$ (1,042,000)
2023	(290,602)	(676,886)	(967,488)
2024	(291,208)	(652,054)	(943,262)
2025	(286,002)	(647,849)	(933,851)
2026	(235,289)	(137,028)	(372,317)
Thereafter	(92,733)	(144,812)	(237,545)
Total	\$ (1,490,163)	\$ (3,006,300)	\$ (4,496,463)

***Actuarial Assumptions - SERS***

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

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

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

**WOOSTER CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.45%
Prior measurement date	3.13%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	2.63%
Prior measurement date	3.22%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Equity	22.50	5.75
International Equity	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45%, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.13% was used as of June 30, 2019. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate (7.00% decreasing to 4.75%).

	1% Decrease	Current Discount Rate	1% Increase
	District's proportionate share of the net OPEB liability	\$ 5,598,797	\$ 4,574,274

	1% Decrease	Current Trend Rate	1% Increase
	District's proportionate share of the net OPEB liability	\$ 3,601,892	\$ 4,574,274

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation, compared with July 1, 2019, are presented below:

	July 1, 2020		July 1, 2019	
	Initial	Ultimate	Initial	Ultimate
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
Medical				
Pre-Medicare	5.00%	4.00%	5.87%	4.00%
Medicare	-6.69%	4.00%	4.93%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	7.73%	4.00%
Medicare	11.87%	4.00%	9.62%	4.00%

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

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

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

***Assumption Changes Since the Prior Measurement Date*** - There were no changes in assumptions since the prior measurement date of June 30, 2019.

***Benefit Term Changes Since the Prior Measurement Date*** - There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 2,596,235	\$ 2,983,955	\$ 3,312,921

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 3,292,501	\$ 2,983,955	\$ 2,608,099

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 14 - JOINTLY GOVERNED ORGANIZATION**

The Midland Council of Governments dba/Tri-County Computer Services Association is organized under Chapter 167 of the Ohio Revised Code. The Tri-County Computer Services Association (TCCSA) is a jointly governed organization. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts in Ashland, Holmes, Medina and Wayne counties. TCCSA is governed by representatives from each of the participating public-school districts served by TCCSA. TCCSA is recognized as one of twenty-three regional Information Technology Centers (ITC) as defined by the Ohio Department of Education. Each of the participating districts supports TCCSA based upon a per pupil charge dependent upon the software package utilized. Financial information can be obtained by contacting the Executive Director at Tri-County Computer Services Association located at 2125 Eagle Pass, Wooster, OH 44691. During the fiscal year ended June 30, 2021 the District paid \$332,087 for basic service charges.

**NOTE 15 - CONTINGENCIES AND SIGNIFICANT COMMITMENTS**

**A. Grants**

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

**B. Litigation**

The District is not party to any claims or lawsuits that would, in the District's opinion, have a material effect of the basic financial statements.

**C. Foundation Funding**

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. ODE has finalized the fiscal year 2021 ADM reviews and there will be no significant adjustments to the District's State funding.

**D. Contractual Commitments**

At June 30, 2021, the District had the following contractual commitments for construction projects:

Project	Contractor	Contractual Commitment	Expenditures Through 6/30/2021	Balance 6/30/2021
Wooster High School Kitchen	Bogner Corporation	\$ 257,526	\$ -	\$ 257,526
WHS Improvements	Bogner Corporation	1,014,032	21,650	1,035,682
Total		<u>\$ 1,271,558</u>	<u>\$ 21,650</u>	<u>\$ 1,293,208</u>

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 15 - CONTINGENCIES AND SIGNIFICANT COMMITMENTS - (Continued)**

**E. Encumbrance Commitments**

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

Fund	Amount
General fund	\$ 1,289,507
Other governmental funds	468,042
Total	\$ 1,757,549

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget) as opposed to balance sheet transactions (GAAP); and,
- (e) A certain fund is included in the general fund (GAAP basis), but has a separate legally adopted budget (budget basis).

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 1,954,427
Net adjustment for revenue accruals	1,250,220
Net adjustment for expenditure accruals	(437,571)
Net adjustment for other sources/uses	(292,520)
Funds budgeted elsewhere **	2,838
Adjustment for encumbrances	1,570,563
GAAP basis	<u>\$ 4,047,957</u>

\*\* The public school support fund and the rotary fund are legally budgeted as a separate special revenue funds; however, they are considered part of the general fund on a GAAP basis.

**NOTE 17 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2020	\$ -
Current year set-aside requirement	614,172
Current year qualifying expenditures	(614,172)
Total	\$ -
Balance carried forward to fiscal year 2022	\$ -
Set-aside balance June 30, 2021	\$ -

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



**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 18 - CAPITAL LEASES - LESSEE DISCLOSURE**

In fiscal year 2015 and 2020, the District entered into capital lease agreements for printing equipment. In fiscal year 2017 the District entered into a capital lease agreement for copiers. These leases meet the criteria of a capital lease as defined by GASB, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the statement of revenues, expenditures and changes in fund balances - general fund. These expenditures are reflected as program/function expenditures on a budgetary basis. No capital assets were acquired by the printing equipment lease agreements as the individual assets acquired did not exceed the District's threshold for capitalization. Capital assets were acquired by the copier equipment lease agreement and are included in the capital asset balances in Note 7.

A corresponding liability for future principal payments on the lease agreements were recorded in the statement of net position. Principal payments in the 2021 fiscal year for the printing equipment and copier lease agreements were \$52,883 and \$65,329, respectively. These amounts are reflected as debt service principal retirement in the general fund and as a reduction to the long-term liabilities reported on the statement of net position. The printing equipment and copier lease agreements have a present value of the minimum lease payments of \$13,638 and \$5,593, respectfully.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2021.

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2022	<u>19,368</u>
Total	19,368
Less: amount representing interest	<u>(137)</u>
Present value of minimum lease payments	<u>\$ 19,231</u>

**NOTE 19 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS**

Other governments entered into property tax abatement agreements with property owners under Enterprise Zone Agreements ("EZAs") and the Ohio Community Reinvestment Area ("CRA") program within the taxing districts of the District. The EZAs and CRA program are directive incentive tax exemption programs benefiting property owners who renovate or construct new buildings. Under these programs, the other governments designated areas to encourage revitalization of the existing structures and promote the development of new structures.

For the District, the City of Wooster has entered into EZAs and CRA agreements that have caused a reduction to the District's property tax receipts. During fiscal year 2021, the District's property tax receipts were reduced as follows:

<u>Government Entering Into Agreement</u>	<u>Tax Abatement Program</u>		<u>District Forgone Taxes Revenue</u>
	<u>CRA</u>	<u>EZAs</u>	
City of Wooster	<u>\$ 225,040</u>	<u>\$ 208,606</u>	<u>\$ 433,646</u>

The District is not receiving any amounts from these other governments in association with the forgone property tax revenue.

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**NOTE 20 - COVID-19**

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

During fiscal year 2021, the District received \$265,090 as an on-behalf of grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund and the Elementary and Secondary School Emergency Relief (ESSER) Special Revenue Fund.

**NOTE 21 - SUBSEQUENT EVENT**

For fiscal year 2022, District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school and scholarship funding will be directly funded by the State of Ohio to the respective schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the respective school. For fiscal year 2021, the District reported \$1,133,288 in revenue and expenditures/expense related to these programs. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each District. The District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

REQUIRED SUPPLEMENTARY INFORMATION

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.20605050%	0.20735600%	0.20076440%	0.20026360%
District's proportionate share of the net pension liability	\$ 13,628,613	\$ 12,406,473	\$ 11,498,148	\$ 11,965,308
District's covered payroll	\$ 7,584,000	\$ 7,209,689	\$ 6,916,378	\$ 6,801,479
District's proportionate share of the net pension liability as a percentage of its covered payroll	179.70%	172.08%	166.25%	175.92%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.19349980%	0.19040050%	0.18604700%	0.18604700%
\$ 14,162,400	\$ 10,864,437	\$ 9,415,732	\$ 11,063,618
\$ 6,035,800	\$ 5,732,049	\$ 5,406,154	\$ 6,813,960
234.64%	189.54%	174.17%	162.37%
62.98%	69.16%	71.70%	65.52%

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.16978420%	0.17243802%	0.17275644%	0.17068972%
District's proportionate share of the net pension liability	\$ 41,081,734	\$ 38,133,632	\$ 37,985,262	\$ 40,547,709
District's covered payroll	\$ 20,643,957	\$ 20,188,864	\$ 19,840,007	\$ 18,965,071
District's proportionate share of the net pension liability as a percentage of its covered payroll	199.00%	188.88%	191.46%	213.80%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.16923150%	0.16983678%	0.17225722%	0.17225722%
\$ 56,646,885	\$ 46,937,918	\$ 41,898,917	\$ 49,909,716
\$ 17,895,064	\$ 17,942,243	\$ 17,599,931	\$ 18,842,892
316.55%	261.61%	238.06%	264.87%
66.80%	72.10%	74.70%	69.30%

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 968,167	\$ 1,061,760	\$ 973,308	\$ 933,711
Contributions in relation to the contractually required contribution	<u>(968,167)</u>	<u>(1,061,760)</u>	<u>(973,308)</u>	<u>(933,711)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,915,479	\$ 7,584,000	\$ 7,209,689	\$ 6,916,378
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 952,207	\$ 845,012	\$ 755,484	\$ 749,293	\$ 943,052	\$ 876,028
<u>(952,207)</u>	<u>(845,012)</u>	<u>(755,484)</u>	<u>(749,293)</u>	<u>(943,052)</u>	<u>(876,028)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,801,479	\$ 6,035,800	\$ 5,732,049	\$ 5,406,154	\$ 6,813,960	\$ 6,513,219
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 2,849,497	\$ 2,890,154	\$ 2,826,441	\$ 2,777,601
Contributions in relation to the contractually required contribution	<u>(2,849,497)</u>	<u>(2,890,154)</u>	<u>(2,826,441)</u>	<u>(2,777,601)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 20,353,550	\$ 20,643,957	\$ 20,188,864	\$ 19,840,007
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 2,655,110	\$ 2,505,309	\$ 2,511,914	\$ 2,287,991	\$ 2,449,576	\$ 2,578,876
<u>(2,655,110)</u>	<u>(2,505,309)</u>	<u>(2,511,914)</u>	<u>(2,287,991)</u>	<u>(2,449,576)</u>	<u>(2,578,876)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 18,965,071	\$ 17,895,064	\$ 17,942,243	\$ 17,599,931	\$ 18,842,892	\$ 19,837,508
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.21047330%	0.21307500%	0.20465850%	0.20287580%
District's proportionate share of the net OPEB liability	\$ 4,574,274	\$ 5,358,388	\$ 5,677,780	\$ 5,444,653
District's covered payroll	\$ 7,584,000	\$ 7,209,689	\$ 6,916,378	\$ 6,801,479
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	60.31%	74.32%	82.09%	80.05%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**2017**

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0.19610195%

\$ 5,589,631

\$ 6,035,800

92.61%

11.49%

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY/ASSET  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportionate share of the net OPEB liability/asset	0.16978420%	0.17243802%	0.17275644%	0.17068972%
District's proportionate share of the net OPEB liability/(asset)	\$ (2,983,955)	\$ (2,855,987)	\$ (2,776,019)	\$ 6,659,684
District's covered payroll	\$ 20,643,957	\$ 20,188,864	\$ 19,840,007	\$ 18,965,071
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.45%	14.15%	13.99%	35.12%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	174.70%	176.00%	47.10%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**2017**

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0.16923150%

\$ 9,050,545

\$ 17,895,064

50.58%

37.33%

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 137,632	\$ 119,392	\$ 168,798	\$ 149,513
Contributions in relation to the contractually required contribution	<u>(137,632)</u>	<u>(119,392)</u>	<u>(168,798)</u>	<u>(149,513)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,915,479	\$ 7,584,000	\$ 7,209,689	\$ 6,916,378
Contributions as a percentage of covered payroll	1.99%	1.57%	2.34%	2.16%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 108,974	\$ 99,276	\$ 141,094	\$ 99,605	\$ 102,687	\$ 123,870
<u>(108,974)</u>	<u>(99,276)</u>	<u>(141,094)</u>	<u>(99,605)</u>	<u>(102,687)</u>	<u>(123,870)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,801,479	\$ 6,035,800	\$ 5,732,049	\$ 5,406,154	\$ 6,813,960	\$ 6,513,219
1.60%	1.64%	2.46%	1.84%	1.51%	1.90%

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 20,353,550	\$ 20,643,957	\$ 20,188,864	\$ 19,840,007
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ 181,003	\$ 185,496	\$ 192,691
-	-	-	(181,003)	(185,496)	(192,691)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 18,965,071	\$ 17,895,064	\$ 17,942,243	\$ 17,599,931	\$ 18,842,892	\$ 19,837,508
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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PENSION

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2021.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2019-2021.

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OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

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

(Continued)

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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**OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

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Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%. For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021. For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate. For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

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**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program/Cluster Title	Federal AL Number	Total Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
<b><i>Passed Through Ohio Department of Education</i></b>		
Child Nutrition Cluster:		
Non-Cash Assistance (Food Distribution)		
National School Lunch Program	10.555	\$ 105,958
Cash Assistance:		
School Breakfast Program	10.553	1,012
COVID-19 - School Breakfast Program		16,642
National School Lunch Program	10.555	596
COVID-19 - National School Lunch Program		29,682
Summer Food Service Program for Children	10.559	815,696
COVID-19 - Summer Food Service Program for Children		120,995
Total Child Nutrition Cluster		1,090,581
Child and Adult Care Food Program		
Child and Adult Care Food Program	10.558	20,234
COVID-19 - Child and Adult Care Food Program		4,529
Total Child and Adult Care Food Program		24,763
Total U.S. Department of Agriculture		1,115,344
<b>U.S. DEPARTMENT OF EDUCATION</b>		
<b><i>Passed Through Ohio Department of Education</i></b>		
Special Education Cluster:		
Special Education - Grants to States	84.027A	765,067
Special Education - Preschool Grants	84.173A	26,981
Total Special Education Cluster		792,048
Title I Grants to Local Educational Agencies	84.010A	827,701
Supporting Effective Instruction State Grants	84.367A	51,333
English Language Acquisition State Grants	84.365	7,808
Student Support and Academic Enrichment Program	84.424A	69,164
COVID-19 - Education Stabilization Fund	84.425D	54,749
Total U.S. Department of Education		1,802,803
<b>U.S. DEPARTMENT OF TREASURY</b>		
<b><i>Passed Through Ohio Department of Education</i></b>		
COVID-19 Coronavirus Relief Fund	21.019	194,736
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		
<b><i>Passed Through Wayne County Department of Job and Family Services</i></b>		
Child Care and Development Block Grant Cluster:		
Child Care Development Block Grant	93.575	39,194
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<b>\$ 3,152,077</b>

*The accompanying notes are an integral part of this schedule.*

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY**

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

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Wooster City School District, Wayne County, (the District) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position of the District.

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

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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



# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
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(800) 282-0370

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

Wooster City School District  
Wayne County  
144 North Market Street  
Wooster, Ohio 44691

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Wooster City School District, Wayne County, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 20, 2022, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

April 20, 2022

# OHIO AUDITOR OF STATE KEITH FABER



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

Wooster City School District  
Wayne County  
144 North Market Street  
Wooster, Ohio 44691

To the Board of Education:

### ***Report on Compliance for Each Major Federal Program***

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

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

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

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

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

April 20, 2022

**WOOSTER CITY SCHOOL DISTRICT  
WAYNE COUNTY**

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

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Child Nutrition Cluster AL # 21.019 – Coronavirus Relief Fund
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<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 AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# OHIO AUDITOR OF STATE KEITH FABER



**WOOSTER CITY SCHOOL DISTRICT**

**WAYNE 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 5/26/2022**

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)