



OHIO AUDITOR OF STATE
KEITH FABER



**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY**

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LORAIN COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Columbia Local School District
Lorain County
25796 Royalton Road
Columbia Station, Ohio 44028

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Columbia Local School District, Lorain County, Ohio (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Columbia Local School District, Lorain County, Ohio as of June 30, 2022, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 18 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Federal Awards Receipts and Expenditures Schedule 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Federal Awards Receipts and Expenditures Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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

January 5, 2023

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**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The management's discussion and analysis of the Columbia Local School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2022 are as follows:

- In total, net position of governmental activities increased \$1,316,654 from 2021's net position.
- General revenues accounted for \$12,055,159 in revenue or 81.84% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for \$2,675,447 or 18.16% of total revenues of \$14,730,606.
- The District had \$13,413,952 in expenses related to governmental activities; only \$2,675,447 of these expenses were offset by program specific charges for services and sales, operating grants and contributions, and capital grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$12,055,159 were adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$11,908,200 in revenues and \$11,996,081 in expenditures and other financing uses. During fiscal year 2022, the general fund's fund balance decreased \$87,881 from a fund balance of \$7,351,541 to \$7,263,660.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the 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 the most significant fund and the only governmental fund reported as a major fund.

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 2022?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, 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 year's revenues and expenses regardless of when cash is received or paid.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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 governmental activities include the District's programs and services, including instruction, support services, food service operations, extracurricular activities, and interest and fiscal charges.

The District's statement of net position and statement of activities can be found on pages 17-18 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page 13. 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.

Governmental Funds

All 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 financial 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 basic financial statements. The basic governmental fund financial statements can be found on pages 19-23 of this report.

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 24-65 of this report.

Required Supplemental Information

The required supplementary information provides detailed information regarding the District's proportionate share of the net pension liability and net OPEB liability/asset of the retirement systems and a ten year schedule of District's contributions to the retirement systems to fund pension and OPEB obligations.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 June 30, 2022 and June 30, 2021.

	Net Position	
	Governmental Activities 2022	Governmental Activities 2021
	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Current and other assets	\$ 18,386,894	\$ 18,155,679
Net OPEB asset	964,818	791,416
Capital assets, net	<u>11,385,670</u>	<u>11,029,778</u>
Total assets	<u>30,737,382</u>	<u>29,976,873</u>
<u>Deferred Outflows of Resources</u>		
Unamortized deferred charges on debt refunding	90,931	96,177
Pension	3,240,455	2,587,994
OPEB	<u>373,393</u>	<u>398,393</u>
Total deferred outflows of resources	<u>3,704,779</u>	<u>3,082,564</u>
<u>Liabilities</u>		
Current liabilities	1,654,122	1,414,264
Long-term liabilities:		
Due within one year	571,434	552,059
Net pension liability	7,584,199	13,909,621
Net OPEB liability	913,254	1,017,232
Other amounts	<u>7,109,756</u>	<u>7,450,546</u>
Total liabilities	<u>17,832,765</u>	<u>24,343,722</u>
<u>Deferred Inflows of Resources</u>		
Property taxes	7,845,853	7,383,061
Pension	6,016,674	69,671
OPEB	<u>1,619,538</u>	<u>1,452,306</u>
Total deferred inflows of resources	<u>15,482,065</u>	<u>8,905,038</u>
<u>Net Position</u>		
Investment in capital assets	5,138,995	5,464,667
Restricted	1,573,793	971,893
Unrestricted (Deficit)	<u>(5,585,457)</u>	<u>(6,625,883)</u>
Total net position (Deficit)	<u>\$ 1,127,331</u>	<u>\$ (189,323)</u>

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2022 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The District has adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). 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.

Governmental Accounting Standards Board 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.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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.

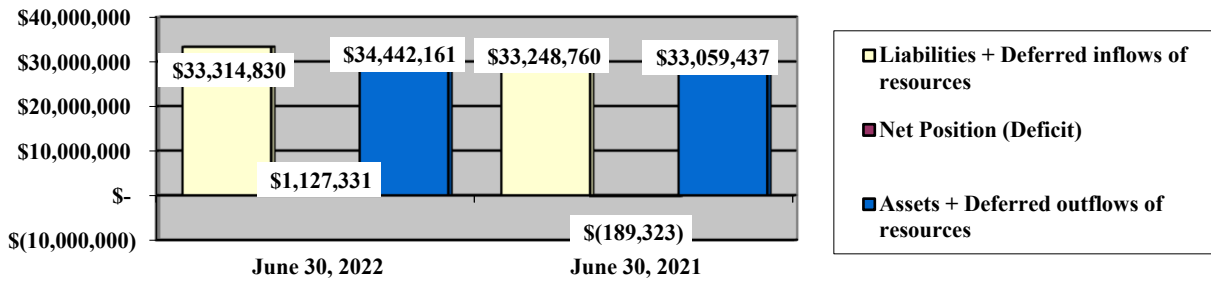
Over time, net position can serve as a useful indicator of a District's financial position. At June 30, 2022, the District's assets and deferred outflows exceeded liabilities and deferred inflows of resources. by \$1,127,331.

At year-end, capital assets represented 37.04% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure and intangible right to use asset. Net investment in capital assets at June 30, 2022, was \$5,138,995. 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, \$1,573,793 represents resources that are subject to external restriction on how they may be used.

The table below provides a summary of the District's net position for fiscal years 2022 and 2021.

Governmental Activities



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**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The table below shows the change in net position for fiscal years 2022 and 2021.

	Change in Net Position	
	Governmental Activities <u>2022</u>	Governmental Activities <u>2021</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 694,399	\$ 819,304
Operating grants and contributions	1,941,048	1,158,921
Capital grants and contributions	40,000	7,170
General revenues:		
Property taxes	8,751,726	8,301,494
Grants and entitlements	3,228,834	3,094,811
Investment earnings	10	2,357
Other	<u>74,589</u>	<u>69,596</u>
Total revenues	<u>14,730,606</u>	<u>13,453,653</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	5,477,273	5,527,432
Special	1,073,294	1,174,315
Vocational	90,834	106,823
Other	170,162	445,563
Support services:		
Pupil	1,013,373	1,100,284
Instructional staff	313,867	351,603
Board of education	21,025	15,590
Administration	1,120,178	1,311,000
Fiscal	382,510	400,557
Business	936	4,069
Operations and maintenance	1,542,675	1,108,906
Pupil transportation	651,077	621,617
Central	252,265	389,880
Food service operations	437,627	378,326
Extracurricular activities	574,613	566,111
Interest and fiscal charges	<u>292,243</u>	<u>276,127</u>
Total expenses	<u>13,413,952</u>	<u>13,778,203</u>
Change in net position	1,316,654	(324,550)
Net position at beginning of year (deficit)	<u>(189,323)</u>	<u>135,227</u>
Net position at end of year (deficit)	<u>\$ 1,127,331</u>	<u>\$ (189,323)</u>

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Governmental Activities

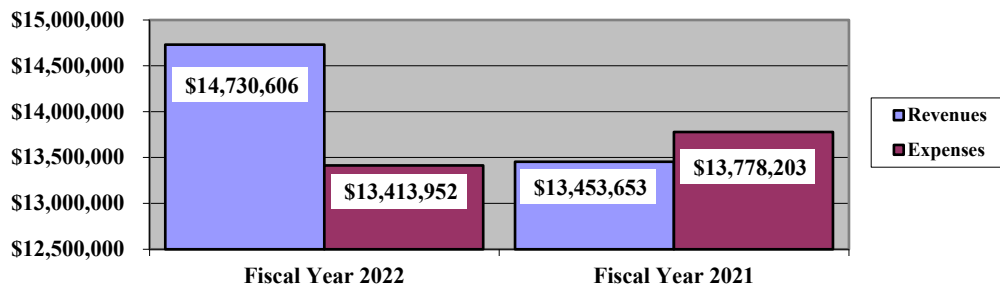
Net position of the District's governmental activities increased \$1,316,654. Total governmental expenses of \$13,413,952 were offset by program revenues of \$2,675,447 and general revenues of 12,055,159. Program revenues supported 19.95% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 81.33% of total governmental revenue. Real estate property is reappraised every six years.

The largest expense of the District is for regular instruction. Regular instruction expenses totaled \$5,477,273 or 40.83% of total governmental expenses for fiscal year 2022.

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2022 and 2021:

Governmental Activities - Revenues and Expenses



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. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

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**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

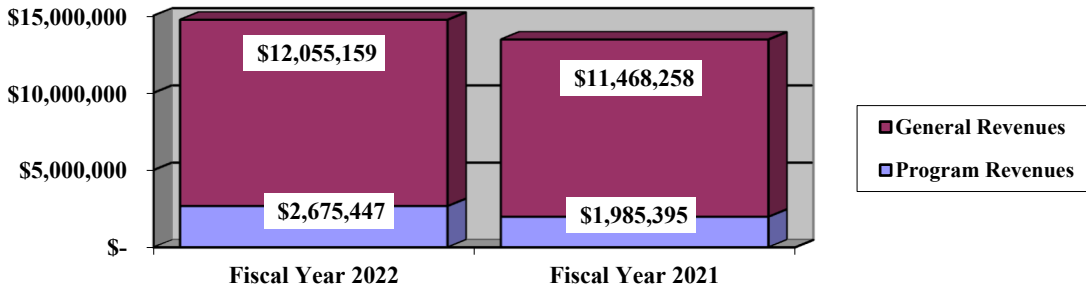
Governmental Activities

	Total Cost of Services <u>2022</u>	Net Cost of Services <u>2022</u>	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>
Program expenses				
Instruction:				
Regular	\$ 5,477,273	\$ 4,649,222	\$ 5,527,432	\$ 4,588,387
Special	1,073,294	807,861	1,174,315	901,030
Vocational	90,834	90,544	106,823	103,510
Other	170,162	170,162	445,563	445,563
Support services:				
Pupil	1,013,373	816,232	1,100,284	917,823
Instructional staff	313,867	254,047	351,603	330,767
Board of education	21,025	21,025	15,590	15,590
Administration	1,120,178	1,035,478	1,311,000	1,235,506
Fiscal	382,510	359,574	400,557	400,557
Business	936	936	4,069	4,069
Operations and maintenance	1,542,675	1,154,388	1,108,906	989,887
Pupil transportation	651,077	630,621	621,617	609,149
Central	252,265	250,899	389,880	389,353
Food service operations	437,627	(133,785)	378,326	124,212
Extracurricular activities	574,613	339,058	566,111	461,278
Interest and fiscal charges	292,243	292,243	276,127	276,127
Total expenses	\$ 13,413,952	\$ 10,738,505	\$ 13,778,203	\$ 11,792,808

The dependence upon tax and other general revenues for governmental activities is apparent, as 83.94% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 80.05%.

The graph below presents the District's governmental activities revenue for fiscal years 2022 and 2021:

Governmental Activities - General and Program Revenues



**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

The District's Funds

The District's governmental funds (as presented on page 19) reported a combined fund balance of \$8,823,062 which is lower than last year's balance of \$9,294,115. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2022 and 2021.

	Fund Balance <u>June 30, 2022</u>	Fund Balance <u>June 30, 2021</u>	<u>Change</u>
General	\$ 7,263,660	\$ 7,351,541	\$ (87,881)
Other Governmental	<u>1,559,402</u>	<u>1,942,574</u>	<u>(383,172)</u>
Total	<u>\$ 8,823,062</u>	<u>\$ 9,294,115</u>	<u>\$ (471,053)</u>

General Fund

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2022</u> <u>Amount</u>	<u>2021</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Property taxes	\$ 8,042,469	\$ 7,571,697	6.22 %
Tuition and fees	446,118	706,598	(36.86) %
Investment earnings	10	2,357	(99.58) %
Intergovernmental	3,323,079	3,046,283	9.09 %
Other revenues	<u>96,524</u>	<u>89,969</u>	7.29 %
Total	<u>\$ 11,908,200</u>	<u>\$ 11,416,904</u>	4.30 %
<u>Expenditures</u>			
Instruction	\$ 6,429,945	\$ 6,112,130	5.20 %
Support services	4,971,498	4,468,635	11.25 %
Extracurricular activities	415,399	410,342	1.23 %
Facilities acquisition and construction	-	221,924	(100.00) %
Debt service	<u>25,987</u>	<u>-</u>	100.00 %
Total	<u>\$ 11,842,829</u>	<u>\$ 11,213,031</u>	5.62 %

The District experienced a 4.30% increase in general fund revenues from fiscal year 2021. The most significant increase was intergovernmental revenue. Intergovernmental revenue increased due to an increase in grants receivable at June 30, 2022 compared to June 30, 2021. The District also experienced an increase in taxes for fiscal year 2022.

Expenditures in the general fund increased by 5.62% from fiscal year 2021. Support services expenditures increased primarily due to an increase in pupil transportation, operations and maintenance and central.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, original and final budgeted revenues and other financing sources were \$11,962,188. Actual revenues and other financing sources for fiscal year 2022 were \$12,066,827. This represents a \$104,639 increase from final budgeted revenues.

General fund original and final budget basis expenditures and other financing uses were \$13,019,227. The actual budget basis expenditures and other financing uses for fiscal year 2022 totaled \$11,926,462, which was \$1,092,765 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the District had \$11,385,670 invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure and intangible right to use assets. This entire amount is reported in governmental activities.

The following table shows June 30, 2022 balances compared to June 30, 2021. The capital assets at June 30, 2021 have been restated as described in Note 3.

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

	Governmental Activities	
	2022	Restated 2021
Land	\$ 385,914	\$ 385,914
Land improvements	721,012	770,927
Building and improvements	8,604,270	8,343,687
Furniture and equipment	1,032,799	1,101,858
Vehicles	527,311	408,904
Infrastructure	17,012	18,488
Intangible right to use asset	97,352	121,690
Total	\$ 11,385,670	\$ 11,151,468

See Note 8 to the basic financial statements for additional information on the District's capital assets.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Debt Administration

At June 30, 2022, the District had \$96,028 in leases outstanding and \$6,175,138 in general obligation bonds, refunding bonds, qualified school construction bonds, and a tax anticipation note. Of this total, \$509,809 is due within one year and \$5,761,357 is due in more than one year.

The following table summarizes the bonds and leases outstanding. The outstanding debt at June 30, 2021 has been restated as described in Note 3.

Outstanding Debt, at Year End

	Governmental Activities <u>2022</u>	Restated Governmental Activities <u>2021</u>
General obligation bonds	\$ 449,104	\$ 536,755
Refunding bonds	4,495,000	4,495,000
Qualified school construction bonds	383,034	457,159
Tax anticipation note	848,000	1,060,000
Leases Payable	<u>96,028</u>	<u>121,690</u>
Total	<u>\$ 6,271,166</u>	<u>\$ 6,670,604</u>

At June 30, 2022, the District's overall legal debt margin was \$21,123,238 and had an unvoted debt margin of \$295,211.

See Note 9 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The District has continued to maintain the highest standards of service to the students, parents and community. The District is continually presented with challenges and opportunities.

As the preceding information shows, the District heavily depends on its residential property taxpayers. The community's commitment to the District was demonstrated by the November 2019 passage of a substitute levy that combined three emergency levies for a total of 9.4 mills that will generate \$2,222,000 per year for the next ten years. These emergency levies were initially for five-year periods. Also, the community supported the district with the passage of a renewal 5.5 mil 5-year operating levy in May 2018. The November 2019 passage of a renewal 2.0 mil Permanent Improvement Levy will help take the burden of repairs and equipment purchases from the general fund, as well as the February 2012 passage of a 6 million bond issue, which enabled the District to close a building and build an addition on the existing middle school and become a two building district.

The continued financial support of the District demonstrates the strong belief of parents and community members that their schools are one of the highest priorities and one of the most important public institutions in their community.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

The District has communicated to the community the extent upon which it relies on their support for the major part of its operations and will continue to work diligently to carefully monitor expenses, staying within the District's five-year financial plan. State law retards the growth income generated by local levies rendering revenues relatively constant. This lack of growth, however, forces the District to come back to the voters from time to time and ask for additional financial support.

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 financial information contact Patricia Eddy, Treasurer, at Columbia Local School District, 25796 Royalton Road, Columbia Station, Ohio 44028.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 9,192,048
Receivables:	
Property taxes	9,150,180
Accounts	13,711
Intergovernmental	18,841
Prepayments	8,489
Materials and supplies inventory	440
Inventory held for resale	3,185
Net OPEB asset	964,818
Capital assets:	
Nondepreciable capital assets	385,914
Depreciable capital assets, net	10,999,756
Capital assets, net	11,385,670
Total assets	30,737,382
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	90,931
Pension	3,240,455
OPEB	373,393
Total deferred outflows of resources	3,704,779
Liabilities:	
Accounts payable	19,569
Contracts payable	2,821
Accrued wages and benefits payable	1,196,387
Intergovernmental payable	81,577
Pension obligation payable	318,004
Accrued interest payable	35,764
Long-term liabilities:	
Due within one year	571,434
Due in more than one year:	
Net pension liability	7,584,199
Net OPEB liability	913,254
Other amounts due in more than one year	7,109,756
Total liabilities	17,832,765
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	7,845,853
Pension	6,016,674
OPEB	1,619,538
Total deferred inflows of resources	15,482,065
Net position:	
Net investment in capital assets	5,138,995
Restricted for:	
Capital projects	812,195
Debt service	338,432
State funded programs	49,662
Federally funded programs	54,770
Food service operations	196,196
Extracurricular activities	114,271
Other purposes	8,267
Unrestricted (deficit)	(5,585,457)
Total net position	\$ 1,127,331

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 5,477,273	\$ 411,520	\$ 416,531	\$ -	\$ (4,649,222)
Special	1,073,294	34,849	230,584	-	(807,861)
Vocational	90,834	-	290	-	(90,544)
Other	170,162	-	-	-	(170,162)
Support services:					
Pupil	1,013,373	13,457	183,684	-	(816,232)
Instructional staff	313,867	-	59,820	-	(254,047)
Board of education	21,025	-	-	-	(21,025)
Administration	1,120,178	75	84,625	-	(1,035,478)
Fiscal	382,510	22,936	-	-	(359,574)
Business	936	-	-	-	(936)
Operations and maintenance	1,542,675	620	387,667	-	(1,154,388)
Pupil transportation	651,077	-	20,456	-	(630,621)
Central	252,265	1,366	-	-	(250,899)
Operation of non-instructional services:					
Food service operations	437,627	42,990	528,422	-	133,785
Extracurricular activities	574,613	166,586	28,969	40,000	(339,058)
Interest and fiscal charges	292,243	-	-	-	(292,243)
Totals	\$ 13,413,952	\$ 694,399	\$ 1,941,048	\$ 40,000	(10,738,505)
General revenues:					
Property taxes levied for:					
					8,035,103
					332,375
					384,248
Grants and entitlements not restricted to specific programs					
					3,228,834
					10
					74,589
					<u>12,055,159</u>
					Change in net position 1,316,654
					Net position at beginning of year (deficit) (189,323)
					Net position at end of year \$ 1,127,331

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 7,657,311	\$ 1,534,737	\$ 9,192,048
Property taxes	8,390,379	759,801	9,150,180
Accounts	12,916	795	13,711
Intergovernmental	1,102	17,739	18,841
Prepayments	8,489	-	8,489
Materials and supplies inventory	-	440	440
Inventory held for resale	-	3,185	3,185
Total assets	<u>\$ 16,070,197</u>	<u>\$ 2,316,697</u>	<u>\$ 18,386,894</u>
Liabilities:			
Accounts payable	\$ 19,327	\$ 242	\$ 19,569
Contracts payable	-	2,821	2,821
Accrued wages and benefits payable	1,134,422	61,965	1,196,387
Intergovernmental payable	80,885	692	81,577
Pension obligation payable	302,461	15,543	318,004
Total liabilities	<u>1,537,095</u>	<u>81,263</u>	<u>1,618,358</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	7,194,359	651,494	7,845,853
Delinquent property tax revenue not available	75,083	6,799	81,882
Intergovernmental revenue not available	-	17,739	17,739
Total deferred inflows of resources	<u>7,269,442</u>	<u>676,032</u>	<u>7,945,474</u>
Fund balances:			
Nonspendable:			
Materials and supplies inventory	-	440	440
Prepays	8,489	-	8,489
Restricted:			
Debt service	-	335,303	335,303
Capital improvements	-	808,525	808,525
Food service operations	-	214,415	214,415
State funded programs	-	49,662	49,662
Federally funded programs	-	37,031	37,031
Extracurricular activities	-	114,271	114,271
Other purposes	-	8,267	8,267
Assigned:			
Student instruction	67,562	-	67,562
Student and staff support	43,799	-	43,799
Extracurricular activities	6,058	-	6,058
Subsequent year's appropriations	1,991,894	-	1,991,894
School supplies	12,382	-	12,382
Public school support	52,701	-	52,701
Other purposes	4,890	-	4,890
Unassigned (deficit)	5,075,885	(8,512)	5,067,373
Total fund balances	<u>7,263,660</u>	<u>1,559,402</u>	<u>8,823,062</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 16,070,197</u>	<u>\$ 2,316,697</u>	<u>\$ 18,386,894</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2022

Total governmental fund balances		\$	8,823,062
<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.			11,385,670
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	81,882	
Intergovernmental receivable		17,739	
Total			99,621
Unamortized premiums on bonds issued are not recognized in the funds.			(457,723)
Unamortized amounts on refundings are not recognized in the funds.			90,931
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(35,764)
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		3,240,455	
Deferred inflows - pension		(6,016,674)	
Net pension liability		(7,584,199)	
Deferred outflows - OPEB		373,393	
Deferred inflows - OPEB		(1,619,538)	
Net OPEB asset		964,818	
Net OPEB liability		(913,254)	
Total			(11,554,999)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(4,944,104)	
Lease obligations		(96,028)	
Compensated absences		(952,301)	
Qualified school construction bonds		(383,034)	
Tax anticipation note		(848,000)	
Total			(7,223,467)
Net position of governmental activities		\$	1,127,331

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
From local sources:			
Property taxes	\$ 8,042,469	\$ 717,831	\$ 8,760,300
Intergovernmental	3,323,079	1,809,384	5,132,463
Investment earnings	10	-	10
Tuition and fees	446,118	22,936	469,054
Extracurricular	6,417	160,420	166,837
Rental income	620	-	620
Charges for services	1,441	42,990	44,431
Contributions and donations	13,457	61,946	75,403
Miscellaneous	74,589	7,070	81,659
Total revenues	11,908,200	2,822,577	14,730,777
Expenditures:			
Current:			
Instruction:			
Regular	5,178,932	411,431	5,590,363
Special	980,137	185,957	1,166,094
Vocational	100,397	-	100,397
Other	170,479	-	170,479
Support services:			
Pupil	987,928	116,139	1,104,067
Instructional staff	271,313	59,414	330,727
Board of education	14,472	-	14,472
Administration	1,142,345	83,434	1,225,779
Fiscal	394,232	12,865	407,097
Business	936	-	936
Operations and maintenance	1,097,108	382,820	1,479,928
Pupil transportation	812,288	-	812,288
Central	250,876	4,415	255,291
Operation of non-instructional services:			
Food service operations	-	459,795	459,795
Extracurricular activities	415,399	196,487	611,886
Facilities acquisition and construction	-	759,601	759,601
Debt service:			
Principal retirement	25,662	456,125	481,787
Interest and fiscal charges	325	230,518	230,843
Total expenditures	11,842,829	3,359,001	15,201,830
Excess of revenues over (under) expenditures	65,371	(536,424)	(471,053)
Other financing sources (uses):			
Transfers in	-	153,252	153,252
Transfers (out)	(153,252)	-	(153,252)
Total other financing sources (uses)	(153,252)	153,252	-
Net change in fund balances	(87,881)	(383,172)	(471,053)
Fund balances at beginning of year	7,351,541	1,942,574	9,294,115
Fund balances at end of year	\$ 7,263,660	\$ 1,559,402	\$ 8,823,062

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN 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, 2022

Net change in fund balances - total governmental funds	\$	(471,053)
<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	\$ 759,774	
Current year depreciation	(525,572)	
Total		234,202
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(8,574)	
Intergovernmental	8,403	
Total		(171)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		481,787
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Increase in accrued interest payable	(211)	
Accreted interest on capital appreciation bonds	(82,349)	
Amortization of bond premiums	26,406	
Amortization of deferred charges	(5,246)	
Total		(61,400)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,123,318	
OPEB	32,663	
Total		1,155,981
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	(92,438)	
OPEB	52,485	
Total		(39,953)
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.		
		17,261
Change in net position of governmental activities	\$	1,316,654

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN 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, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Property taxes	\$ 7,962,188	\$ 7,962,188	\$ 8,154,172	\$ 191,984
Intergovernmental	3,214,000	3,214,000	3,351,506	137,506
Investment earnings	100	100	10	(90)
Tuition and fees	629,800	629,800	422,918	(206,882)
Rental income	-	-	620	620
Contributions and donations	-	-	12,369	12,369
Miscellaneous	91,100	91,100	80,656	(10,444)
Total revenues	<u>11,897,188</u>	<u>11,897,188</u>	<u>12,022,251</u>	<u>125,063</u>
Expenditures:				
Current:				
Instruction:				
Regular	5,216,732	5,262,468	5,143,266	119,202
Special	1,104,163	1,063,973	968,156	95,817
Vocational	103,943	103,691	99,881	3,810
Other	452,030	281,199	170,930	110,269
Support services:				
Pupil	1,012,810	1,010,951	954,340	56,611
Instructional staff	299,780	295,832	280,456	15,376
Board of education	57,825	15,564	14,463	1,101
Administration	1,246,753	1,286,799	1,153,284	133,515
Fiscal	406,115	412,538	390,803	21,735
Business	2,233	2,233	1,170	1,063
Operations and maintenance	1,187,995	1,275,003	1,079,336	195,667
Pupil transportation	851,896	949,950	829,230	120,720
Central	332,776	305,103	253,612	51,491
Operation of non-instructional services:				
Extracurricular activities	509,176	518,923	409,283	109,640
Total expenditures	<u>12,784,227</u>	<u>12,784,227</u>	<u>11,748,210</u>	<u>1,036,017</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(887,039)</u>	<u>(887,039)</u>	<u>274,041</u>	<u>1,161,080</u>
Other financing sources (uses):				
Refund of prior year's expenditures	50,000	50,000	29,576	(20,424)
Transfers (out)	(220,000)	(220,000)	(163,252)	56,748
Advances in	15,000	15,000	15,000	-
Advances (out)	(15,000)	(15,000)	(15,000)	-
Total other financing sources (uses)	<u>(170,000)</u>	<u>(170,000)</u>	<u>(133,676)</u>	<u>36,324</u>
Net change in fund balance	(1,057,039)	(1,057,039)	140,365	1,197,404
Fund balance at beginning of year	7,269,517	7,269,517	7,269,517	-
Prior year encumbrances appropriated	51,968	51,968	51,968	-
Fund balance at end of year	<u>\$ 6,264,446</u>	<u>\$ 6,264,446</u>	<u>\$ 7,461,850</u>	<u>\$ 1,197,404</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Columbia Local 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.

The District is located in Columbia Station, Ohio; Lorain County. The District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by State and Federal agencies. Each member is elected to a four year term.

The Board of Education (the “Board”) controls the District’s three instructional and three support facilities staffed by 45 non-certified personnel, 74 certified teaching personnel, 12 administrators/supervisors, and 2 confidential employees who provide services to 874 students. The District’s three support facilities include an administration building, transportation center, and a maintenance garage. The District operates one elementary school (Pre/K- 4), one middle school (5-8) and one high school (9-12). The District ranks as the 568th largest by total enrollment among the 619 public school districts in the State.

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

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity” as amended by GASB Statement No. 39, “Determining Whether Certain Organizations Are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34”. The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, 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).

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META) Solutions

The District is a participant in META Solutions which is a computer consortium that resulted from the mergers between Tri-Rivers Educational Computer Association (TRECA), Metropolitan Educational Council (MEC), Metropolitan Dayton Educational Cooperative Association (MDECA), Southeastern Ohio Valley Voluntary Education Cooperative (SEOVEC), and South Central Ohio Computer Association (SCOCA). META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. During fiscal year 2022, the District paid META Solutions \$27,479 for services. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

Lorain County Joint Vocational School (LCJVS)

The Lorain County JVS (LCJVS) is a separate body politic and corporate established by the Ohio Revised Code to provide for vocational and special education needs to students. The Board of the LCJVS is comprised of representatives from each participating school district and is responsible for approving its own budgets, appointing personnel, and accounting and financing related to activities. The District's students may attend LCJVS. Each school district's control is limited to its representation on the Board. Financial information can be obtained by contacting the LCJVS, 15181 State Route 58, Oberlin, Ohio 44074.

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among 199 school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained by contacting Kelly Rocco, Office Manager of the Ohio Schools Council at 6393 Oak Tree Blvd. Suite 377, Independence, Ohio 44131.

The District participates in the Council's prepaid natural gas purchase program. This program allows school districts to purchase natural gas at reduced rates. Compass Energy has been selected as the supplier and program manager. There are currently 151 participants in the program including Columbia Local School District. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

In addition to the prepaid natural gas purchase program, the District also participates in the Power4Schools program.

The Power4Schools program is a partnership between the Ohio Schools Council (OSC), the Ohio Association of School Business Officials (OASBO), the Ohio School Boards Association (OSBA) and the Buckeye Association of School Administrators (BASA) offering electric generation savings for Ohio school districts.

It is the merging of OSC's Energy for Education Program with OASBO, OSBA and BASA's SchoolPool Program to create a partnership by pooling purchasing power statewide. The mission of the program is to bring savings on electric generation costs and budget certainty to Ohio public schools.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Power4Schools has selected Engie as its exclusive provider for school districts in the Ohio Edison, The Illuminating Company, Toledo Edison, Duke Energy and AEP Ohio Power service areas. Engie is based in Houston, Texas, is a leading energy supplier, serving commercial and industrial customers throughout the U.S.

PUBLIC ENTITY RISK POOLS

Ohio School Plan

The District participates in the Ohio School Plan (the "Plan"), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its members which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a fifteen member board consisting of superintendents, treasurers, the president of Harcum-Schuett Insurance Agency, Inc., and a member of Hylant Group, Inc. Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Schuett Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Schuett Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

Workers' Compensation Group Rating Program

The District participates in the Ohio Association of School Business Officials (OASBO)/ CompManagement, Inc. Workers' Compensation Group Rating Program (GRP). The GRP is sponsored by OASBO and administered by CompManagement, Inc. 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 District pays a fee to the GRP to cover the costs of administering the program. Refer to Note 11.C. for further information on the GRP.

Lake Erie Employee Protection Plan (LEEPP)

The District participates in LEEPP to provide health and dental insurance. LEEPP is a program administered by Lake Erie Regional Council of Governments (See Note 10.B.) The LEEPP is a shared risk pool comprised of fifteen regional school districts. LEEPP is governed by an assembly which consists of one representative from each participating school district, usually the superintendent or designee. The assembly elects officers for one year terms to serve as the Board of Directors. A member can withdraw from participation in the plan by notifying the fiscal agent on or before January 15 of the preceding fiscal year in which the school district will withdraw. If the school district withdraws, no further contribution would be made, but the benefits under the insurance contract shall be paid in accordance with the terms of the contract. The assembly exercises control over the operation of the plan. Plan revenues are generated from charges for services.

B. 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. The District does not have any proprietary funds or fiduciary funds.

GOVERNMENTAL FUNDS

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

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

General Fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available 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, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects, and (c) financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

C. Basis of Presentation and Measurement Focus

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 government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental 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 amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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 - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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 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.

D. Basis of Accounting

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

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Revenues - Exchange and Nonexchange 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 fiscal year end.

Nonexchange 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 6).

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 nonexchange transactions must also be available before it can be recognized.

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

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 represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Notes 12 and 13 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 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. In addition, see Notes 12 and 13 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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. On the modified accrual basis of accounting, the fair value of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue.

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.

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Lorain County Budget Commission for tax rate determination.
3. Prior to April 1, unless a later date is approved by the Tax Commissioner, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final Amended Certificates issued for fiscal year 2022.
4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures may not exceed the appropriation total.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2021. All amounts reported in the budgetary statement reflect the original appropriations and the final appropriations, including all modifications legally enacted by the Board.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

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

During fiscal year 2022, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of 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 an NAV per share that approximates fair value.

For fiscal year 2022, 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.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2022 amounted to \$10, which includes \$2 assigned from other District funds.

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

An analysis of the District's investment account at fiscal year end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, inventories are presented at the lower of cost or fair value and donated commodities are reported at the entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method. On the fund financial statements, reported materials and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available, spendable resources even though it is a component of net current assets. Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

H. Capital Assets

General capital 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.

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 value as of the date received. The District maintains a capitalization threshold of \$5,000. 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:

Description	Governmental Activities Estimated Lives
Land improvements	20-70 years
Buildings and improvements	50-100 years
Furniture and equipment	3-60 years
Infrastructure	50-70 years
Intangible leased assets	5 years
Vehicles	7-45 years

The District is reporting intangible right to use assets related to leased equipment. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

I. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for those absences are attributable to services rendered and are not contingent on a specific event that is outside the control of the District or the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2022, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees with at least 10 current years of service with the District were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2022, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

J. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences and net pension liability 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 year. Bonds and leases are recognized as a liability on 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.

K. 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 constrain monies for intended purposes.

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.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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.

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

M. Estimates

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

N. Interfund Activity

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

O. 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.

P. 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 2022.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Q. Bond Premium

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On the governmental fund financial statements, bond premiums are recognized in the current period.

A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 9.A.

R. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet 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. On the fund financial statements, reported prepayments are equally offset by a nonspendable fund balance.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2022, the District has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District recognized \$121,690 in governmental activities in leases payable at July 1, 2021; however, this entire amount was offset by the intangible asset, right to use lease - equipment.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the District.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the District.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the District.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the District.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the District.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2022 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
IDEA Part B	\$ 3,874
Title I	4,638

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.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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;
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 items (1) and (2) above 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);
8. Certain banker's acceptance (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 forty percent of the interim monies available for investment at any one time if training requirements have been met; and,

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 qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. 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.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At fiscal year end, the District had \$1,200 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and cash equivalents”.

B. Deposits with Financial Institutions

At June 30, 2022, the carrying amount of all District deposits was \$9,187,430 and the bank balance of all District deposits was \$9,250,965. Of the bank balance, \$500,000 was covered by the FDIC and \$8,750,965 was covered by the Ohio Pooled Collateral System.

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’s 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 2022, the District’s financial institutions were approved for a reduced 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.

C. Investments

As of June 30, 2022, the District had the following investment and maturity:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>Investment Maturity 6 months or less</u>
<i>Amortized Cost:</i>		
STAR Ohio	<u>\$ 3,418</u>	<u>\$ 3,418</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the District’s investment policy requires that operating funds be invested primarily in investments so that the securities mature to meet cash requirements for ongoing operations and long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk: Standard & Poor’s has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District’s investment policy does not specifically address credit risk beyond requiring the District to invest in securities authorized by State statute.

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 investment or collateral securities that are in the possession of an outside party. The District’s investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2022:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
STAR Ohio	<u>\$ 3,418</u>	<u>100.00</u>

D. 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 on the statement of net position as of June 30, 2022:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 9,187,430
Investments	3,418
Cash on hand	<u>1,200</u>
Total	<u>\$ 9,192,048</u>
 <u>Cash and investments per statement of net position</u>	
Governmental Activities	\$ 9,192,048
Total	<u>\$ 9,192,048</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the fiscal year ended June 30, 2022, consisted of the following, as reported on the fund financial statements:

	<u>Amount</u>
<u>Transfers to nonmajor governmental funds from:</u>	
General fund	<u>\$ 153,252</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, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

NOTE 6 - 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.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 6 - PROPERTY TAXES – (Continued)

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed values as of January 1, 2021, 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 2022 represent the collection of calendar year 2021 taxes. Public utility real and personal property taxes received in calendar year 2022 became a lien on December 31, 2020, were levied after April 1, 2021, 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 Lorain 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, 2022, are available to finance fiscal year 2023 operations. The amount available as an advance at June 30, 2022 was \$1,120,937 in the general fund, \$46,721 in the bond retirement fund (a nonmajor governmental fund) and \$54,787 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2021 was \$1,232,640 in the general fund, \$50,273 in the bond retirement fund (a nonmajor governmental fund) and \$69,430 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, 2022 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.

The assessed values upon which the fiscal year 2022 taxes were collected are:

	2021 Second Half Collections		2022 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 243,831,240	95.11	\$ 281,292,930	95.29
Public utility personal	<u>12,536,980</u>	<u>4.89</u>	<u>13,917,840</u>	<u>4.71</u>
Total	<u>\$ 256,368,220</u>	<u>100.00</u>	<u>\$ 295,210,770</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation		\$57.44		\$56.30

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 7 - RECEIVABLES

Receivables at June 30, 2022 consisted of taxes, accounts (billings for user charged services and student fees) 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 receivables reported on the statement of net position follows:

Governmental Activities:

Property taxes	\$ 9,150,180
Accounts	13,711
Intergovernmental	<u>18,841</u>
Total	<u>\$ 9,182,732</u>

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

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**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8 - CAPITAL ASSETS

Due to the implementation of GASB Statement No. 87 (see Note 3.A for detail), the District has reported capital assets for the right to use leased equipment which are reflected in the schedule below. Capital asset activity for governmental activities for the fiscal year ended June 30, 2022, was as follows:

	Restated Balance <u>July 1, 2021</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2022</u>
Governmental Activities:				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 385,914	\$ -	\$ -	\$ 385,914
Total capital assets, not being depreciated/amortized	<u>385,914</u>	<u>-</u>	<u>-</u>	<u>385,914</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	1,188,015	-	-	1,188,015
Buildings and improvements	11,857,817	495,789	-	12,353,606
Furniture and equipment	2,930,165	81,439	-	3,011,604
Vehicles	967,670	182,546	-	1,150,216
Infrastructure	82,722	-	-	82,722
Intangible right to use asset - equipment	<u>121,690</u>	<u>-</u>	<u>-</u>	<u>121,690</u>
Total capital assets, being depreciated/amortized	<u>17,148,079</u>	<u>759,774</u>	<u>-</u>	<u>17,907,853</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(417,088)	(49,915)		(467,003)
Buildings and improvements	(3,514,130)	(235,206)		(3,749,336)
Furniture and equipment	(1,828,307)	(150,498)		(1,978,805)
Vehicles	(558,766)	(64,139)		(622,905)
Infrastructure	(64,234)	(1,476)		(65,710)
Intangible right to use asset - equipment	<u>-</u>	<u>(24,338)</u>	<u>-</u>	<u>(24,338)</u>
Total accumulated depreciation/amortization	<u>(6,382,525)</u>	<u>(525,572)</u>	<u>-</u>	<u>(6,908,097)</u>
Governmental activities capital assets, net	<u>\$ 11,151,468</u>	<u>\$ 234,202</u>	<u>\$ -</u>	<u>\$ 11,385,670</u>

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**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation/amortization expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 410,447
Special	625
<u>Support Services:</u>	
Pupil	2,655
Instructional staff	10,640
Board of education	7,619
Operations and maintenance	5,971
Pupil transportation	69,667
Central	4,434
Food service operations	2,584
Extracurricular activities	<u>10,930</u>
Total depreciation expense	<u>\$ 525,572</u>

NOTE 9 - LONG TERM OBLIGATIONS

- A. Due to the implementation of GASB Statement No. 87 (see Note 3.A for detail), the District has reported obligations for leases payable which are reflected in the schedule below. During fiscal year 2022, the following activity occurred in governmental activities long-term obligations:.

	Restated Balance <u>July 1, 2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2022</u>	Amounts Due in <u>One Year</u>
Governmental Activities:					
<u>General obligation bonds:</u>					
2011 Series issue					
Bond - 2011 Issue	\$ 170,000	\$ -	\$ (170,000)	\$ -	\$ -
Capital Appreciation Bond	55,000	-	-	55,000	20,000
Accreted Interest	311,755	82,349	-	394,104	180,000
<u>2017 refunding bonds:</u>					
Bond - 2017 issue	4,495,000	-	-	4,495,000	-
Net pension liability	13,909,621	-	(6,325,422)	7,584,199	-
Net OPEB liability	1,017,232	-	(103,978)	913,254	-
Lease Liability	121,690	-	(25,662)	96,028	22,869
Qualified school construction bonds	457,159	-	(74,125)	383,034	74,940
Tax Anticipation Note	1,060,000	-	(212,000)	848,000	212,000
Compensated absences	<u>969,562</u>	<u>78,673</u>	<u>(95,934)</u>	<u>952,301</u>	<u>61,625</u>
Total	<u>\$ 22,567,019</u>	<u>\$ 161,022</u>	<u>\$ (7,007,121)</u>	15,720,920	<u>\$ 571,434</u>
			Add: unamortized premium on bonds	<u>457,723</u>	
Total on statement of net position				<u>\$ 16,178,643</u>	

Compensated Absences: Compensated absences will be paid from the fund from which the employee is paid, primarily the general fund and food service fund (a nonmajor governmental fund).

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 9 - LONG TERM OBLIGATIONS - (Continued)

Net Pension Liability: The District's net pension liability is described in Note 12. The District pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability/Asset: The District's net OPEB liability is described in Note 13. The District pays obligations related to employee compensation from the fund benefitting from their service.

Leases Payable - The District has entered into lease agreements for the use of right to use equipment. Due to the implementation of GASB Statement No. 87, the District will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund.

The District has entered into lease agreements for copier equipment as follows:

<u>Description</u>	<u>Lease Commencement Date</u>	<u>Months</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Copier Equipment	7/1/2021	60	6/1/2026	Monthly

The following is a schedule of future lease payments under the lease agreements:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 22,869	\$ 3,118	\$ 25,987
2024	23,611	2,376	25,987
2025	24,378	1,609	25,987
2026	25,170	817	25,987
Total	<u>\$ 96,028</u>	<u>\$ 7,920</u>	<u>\$ 103,948</u>

- B. Series 2011 General Obligation Bonds:** On December 15, 2011, the District issued general obligation bonds (Series 2011 Bonds) to repay \$6,000,000 of notes originally issued to pay costs of the project.

The issue is comprised of both current interest bonds, par value \$5,945,000, and capital appreciation bonds par value \$55,000. The interest rates on the current interest bonds range from 1.50% - 5.00%. The capital appreciation bonds mature on November 1, 2024 (interest rates from 20.36 - 22.33%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$600,000. Total accreted interest of \$394,104 has been included in the statement of net position at June 30, 2022.

\$4,525,000 of the current interest bonds were refunded in fiscal year 2018 (see Note 9.C). The debt is considered defeased (in substance) and thus has been removed from the financial statements.

Interest payments on the current interest bonds are due on May 1 and November 1 of each year. The final maturity is November 1, 2021. Principal and interest are paid from the bond retirement fund (a nonmajor governmental fund).

- C.** On December 28, 2017, the District issued general obligation refunding bonds in the amount of \$4,520,000 (Series 2017 issue) for the purpose of advance refunding a portion of the Series 2011 general obligation bonds. These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. The source of payment is derived from the District's levy of ad valorem property taxes.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 9 - LONG TERM OBLIGATIONS - (Continued)

The bonds bear an interest rate of between 4% and 5% and have a final maturity date of November 1, 2039. Interest payments are due on May 1 and November 1 of each year. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the nonmajor debt service fund.

The reacquisition price exceeded the net carrying amount of the old debt by \$114,538. This amount is reported as a deferred outflow of resources and is amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

- D. The following is a summary of the future debt service requirements to maturity for the District's general obligation and refunding bonds:

Fiscal Year Ended June 30,	Refunding Bonds - 2017			Capital Appreciation Bonds - 2011		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ -	\$ 186,750	\$ 186,750	\$ 20,000	\$ 180,000	\$ 200,000
2024	-	186,750	186,750	20,000	180,000	200,000
2025	-	186,750	186,750	15,000	185,000	200,000
2026	220,000	181,250	401,250	-	-	-
2027 - 2031	1,265,000	737,525	2,002,525	-	-	-
2032 - 2036	1,540,000	453,000	1,993,000	-	-	-
2037 - 2040	1,470,000	120,000	1,590,000	-	-	-
Total	<u>\$ 4,495,000</u>	<u>\$ 2,052,025</u>	<u>\$ 6,547,025</u>	<u>\$ 55,000</u>	<u>\$ 545,000</u>	<u>\$ 600,000</u>

- E. On September 22, 2011, the District issued \$1,086,754 of Qualified School Construction Bonds (QSCBs) to finance energy conservation improvements. This issue is comprised of current interest term bonds, par value \$1,086,754.

These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for on the statement of net position. Payments of principal and interest relating to this bond are recorded as expenditures in the bond retirement fund (a nonmajor governmental fund).

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issues is December 1, 2026.

For QSCBs, the District receives a direct payment subsidy from the United States Treasury equal to 100% of the lesser of the interest payments on the bonds or the federal tax credits that would otherwise have been available to the holders of the bonds. The District recorded this subsidy from the federal government in the amount of \$25,447 in the bond retirement fund (a nonmajor governmental fund).

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 9 - LONG TERM OBLIGATIONS - (Continued)

Fiscal Year Ended June 30,	Current Interest Bonds		
	Principal	Interest	Total
2023	\$ 74,940	\$ 19,317	\$ 94,257
2024	75,764	15,105	90,869
2025	76,598	10,846	87,444
2026	77,440	6,540	83,980
2027	78,292	2,188	80,480
Total	<u>\$ 383,034</u>	<u>\$ 53,996</u>	<u>\$ 437,030</u>

- F. The District issued a Tax Anticipation Note in fiscal year 2021 for \$1,060,000. The interest rate is 1.90% per year to the final maturity date of the Note, payable on June 1 and December 1, beginning December 1, 2021, through December 1, 2025. The Note was issued in anticipation of future property tax revenues which will be used for capital improvements throughout the District. Payments are made from the permanent improvement fund (a nonmajor governmental fund).

The following is a summary of the future debt service requirements to maturity for the District's Tax Anticipation Note:

Fiscal Year	Tax Anticipation Note		
	Principal	Interest	Total
2023	\$ 212,000	\$ 14,068	\$ 226,068
2024	212,000	10,049	222,049
2025	212,000	6,030	218,030
2026	212,000	2,010	214,010
Total	<u>\$ 848,000</u>	<u>\$ 32,157</u>	<u>\$ 880,157</u>

G. 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, 2007. 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, 2022 are a voted debt margin of \$21,123,238 (including available funds of \$335,303) and an unvoted debt margin of \$295,211.

NOTE 10 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiating agreements and State laws. Classified employees earn up to twenty-five days of vacation per year, depending upon length of service. Administrators may cash out and/or carry over up to ten days of vacation. 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. A percentage of unused sick time is paid at retirement. The number of sick days which can accumulate is restricted.

**COLUMBIA LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 10 - OTHER EMPLOYEE BENEFITS – (Continued)

B. Health Care Benefits

The District contracted with Lake Erie Employee Protection Plan (LEEPP) to provide health and dental insurance. LEEPP is a program administered by Lake Erie Regional Council of Governments (LERC).

C. Life Insurance

Life insurance is offered to employees administered through Ohio Schools Council with American United Life Insurance Company. The Treasurer, Superintendent, Building Principals, Transportation Supervisor, Maintenance Supervisor, Psychologist, Superintendent’s Secretary and Treasurer’s Staff member receive 4 times their salary up to \$250,000 coverage for \$27 per month; and certified employees receive coverage equal to their pay to the nearest thousand up to \$50,000, custodial and classified employees who work 4 hours plus receive \$20,000 for \$2.10 per month and classified employees who work under 4 hours receive \$9,000 for \$.95 per month.

NOTE 11 - RISK MANAGEMENT

A. Comprehensive

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. During fiscal year 2022, the District has contracted with the Ohio School Plan (Hylant) to provide insurance coverage in the following amounts:

<u>Type of Coverage</u>	<u>Amount</u>
Building and contents (replacement cost)	\$36,079,921
Flood Liability	2,000,000
General liability: Per occurrence	5,000,000
Automobile liability: Combined single limit	5,000,000
Bodily injury per occurrence	5,000
Employee benefits	5,000,000

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

B. Bonding

Public officials’ bonds of \$20,000 are maintained for the Superintendent and the Board President by Travel Casualty and Surety Company until January 15, 2025. The Treasurer is covered by Travelers Casualty and Surety Company of America in the amount of \$40,000 and is covered until August 1, 2026.

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NOTE 11 - RISK MANAGEMENT – (Continued)

C. Workers' Compensation

For fiscal year 2021, the District participated in the OASBO/CompManagement, Inc. Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. 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 tiered into groups based upon past workers' compensation experience. Within each tiered group, a common premium rate is applied to all school districts within that group. 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 their tiered group. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

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

The net pension liability/asset and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

The 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.

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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 obligation payable on both the accrual and modified accrual basis 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 under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2021, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2022.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% 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 10.00% for plan members and 14.00% 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, 2022, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District’s contractually required contribution to SERS was \$289,112 for fiscal year 2022. Of this amount, \$57,289 is reported as pension obligation payable.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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 is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0% to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all 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. New members must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**COLUMBIA LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$834,206 for fiscal year 2022. Of this amount, \$150,116 is reported as pension obligation 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, 2021, 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.

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	0.045565000%	0.045030820%	
Proportion of the net pension liability current measurement date	<u>0.046977500%</u>	<u>0.045760292%</u>	
Change in proportionate share	<u>0.001412500%</u>	<u>0.000729472%</u>	
Proportionate share of the net pension liability	\$ 1,733,334	\$ 5,850,865	\$ 7,584,199
Pension expense	\$ 26,073	\$ 66,365	\$ 92,438

At June 30, 2022, 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>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 168	\$ 180,765	\$ 180,933
Changes of assumptions	36,499	1,623,134	1,659,633
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	78,283	198,288	276,571
Contributions subsequent to the measurement date	<u>289,112</u>	<u>834,206</u>	<u>1,123,318</u>
Total deferred outflows of resources	<u>\$ 404,062</u>	<u>\$ 2,836,393</u>	<u>\$ 3,240,455</u>

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

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 44,952	\$ 36,674	\$ 81,626
Net difference between projected and actual earnings on pension plan investments	892,719	5,042,329	5,935,048
Total deferred inflows of resources	\$ 937,671	\$ 5,079,003	\$ 6,016,674

\$1,123,318 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, 2023.

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:			
2023	\$ (163,993)	\$ (747,021)	\$ (911,014)
2024	(172,464)	(647,152)	(819,616)
2025	(212,254)	(710,675)	(922,929)
2026	(274,010)	(971,968)	(1,245,978)
Total	\$ (822,721)	\$ (3,076,816)	\$ (3,899,537)

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.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.50%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.50% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.50%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2021, Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

The most recent experience study was completed for the five-year period ended June 30, 2020.

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.

**COLUMBIA LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

Discount Rate - The total pension liability was calculated using the discount rate of 7.00%. 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 (7.00%). 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 7.00%, 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 (6.00%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 2,883,841	\$ 1,733,334	\$ 763,060

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
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	7.00%, net of investment expenses, including inflation	7.45%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.45%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

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

For the June 30, 2021, actuarial valuation, post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Tables 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Tables 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, 2021 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return *</u>
Domestic Equity	28.00 %	7.35 %
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	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 pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table represents the net pension liability as of June 30, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 10,956,480	\$ 5,850,865	\$ 1,536,631

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Changes Between Measurement Date and Reporting Date - STRS approved a one-time 3.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2022. It is unknown what the effect this change will have on the net pension liability.

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 Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2022, 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 2022, this amount was \$25,000. 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 2022, the District's surcharge obligation was \$32,663.

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 \$32,663 for fiscal year 2022. Of this amount, \$32,663 is reported as pension obligation 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.

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

Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2022, 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, 2021, 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.

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	0.046805300%	0.045030820%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.048254400%</u>	<u>0.045760292%</u>	
Change in proportionate share	<u>0.001449100%</u>	<u>0.000729472%</u>	
Proportionate share of the net OPEB liability	\$ 913,254	\$ -	\$ 913,254
Proportionate share of the net OPEB asset	\$ -	\$ (964,818)	\$ (964,818)
OPEB expense	\$ 6,905	\$ (59,390)	\$ (52,485)

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**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

At June 30, 2022, 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>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 9,736	\$ 34,357	\$ 44,093
Changes of assumptions	143,266	61,629	204,895
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	68,600	23,142	91,742
Contributions subsequent to the measurement date	<u>32,663</u>	<u>-</u>	<u>32,663</u>
Total deferred outflows of resources	<u>\$ 254,265</u>	<u>\$ 119,128</u>	<u>\$ 373,393</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 454,843	\$ 176,776	\$ 631,619
Net difference between projected and actual earnings on OPEB plan investments	19,840	267,429	287,269
Changes of assumptions	<u>125,064</u>	<u>575,586</u>	<u>700,650</u>
Total deferred inflows of resources	<u>\$ 599,747</u>	<u>\$ 1,019,791</u>	<u>\$ 1,619,538</u>

\$32,663 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, 2023.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2023	\$ (86,927)	\$ (255,530)	\$ (342,457)
2024	(87,066)	(248,840)	(335,906)
2025	(87,401)	(247,656)	(335,057)
2026	(73,011)	(111,764)	(184,775)
2027	(35,105)	(37,813)	(72,918)
Thereafter	<u>(8,635)</u>	<u>940</u>	<u>(7,695)</u>
Total	<u>\$ (378,145)</u>	<u>\$ (900,663)</u>	<u>\$ (1,278,808)</u>

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021 are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	1.92%
Prior measurement date	2.45%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	2.27%
Prior measurement date	2.63%
Medical trend assumption:	
Current measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

In 2021, Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

The most recent experience study was completed for the five-year period ended June 30, 2020.

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 2015 through 2020 and was adopted by the Board in 2021. 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, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

**COLUMBIA LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27%. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92% at June 30, 2021 and 2.45% at June 30, 2020.

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, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,131,632	\$ 913,254	\$ 738,798
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 703,131	\$ 913,254	\$ 1,193,914

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**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 June 30, 2021, actuarial valuation, compared with June 30, 2020, are presented below:

	June 30, 2021		June 30, 2020	
	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	7.00%, 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	7.00%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
Medical				
Pre-Medicare	5.00%	4.00%	5.00%	4.00%
Medicare	-16.18%	4.00%	-6.69%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	6.50%	4.00%
Medicare	29.98%	4.00%	11.87%	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 Tables 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 Tables 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, 2021 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 - The discount rate was adjusted to 7.00% from 7.45% for the June 30, 2021 valuation.

Benefit Term Changes Since the Prior Measurement Date - The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed 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 as of June 30, 2021. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2021.

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, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) 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	Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 814,158	\$ 964,818	\$ 1,090,673

	1% Decrease	Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 1,085,573	\$ 964,818	\$ 815,494

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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); and,
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis). The funds include uniform school supplies, mental health rotary, district agency fund, employee benefits agency fund and public school support fund.

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	\$ 140,365
Net adjustment for revenue accruals	(150,782)
Net adjustment for expenditure accruals	(191,045)
Net adjustment for other sources/uses	(19,576)
Funds budgeted elsewhere	10,873
Adjustment for encumbrances	122,284
GAAP basis	\$ (87,881)

NOTE 15 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement 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 District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

NOTE 15 - CONTINGENCIES - (Continued)

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, all ODE adjustments have been finalized.

NOTE 16 - 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, 2021	\$ -
Current year set-aside requirement	159,910
Current year qualifying expenditures	(204,218)
Current year offsets	<u>(454,122)</u>
Total	<u>\$ (498,430)</u>
Balance carried forward to fiscal year 2023	<u>\$ -</u>
Set-aside balance June 30, 2022	<u>\$ -</u>

NOTE 17 - OTHER COMMITMENTS

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

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General	\$ 112,394
Other governmental	<u>552,334</u>
Total	<u>\$ 664,728</u>

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

NOTE 18 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN 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 NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.04697750%	0.04556500%	0.04427400%	0.04419540%
District's proportionate share of the net pension liability	\$ 1,733,334	\$ 3,013,765	\$ 2,648,991	\$ 2,531,152
District's covered payroll	\$ 1,704,393	\$ 1,611,100	\$ 1,499,963	\$ 1,477,681
District's proportionate share of the net pension liability as a percentage of its covered payroll	101.70%	187.06%	176.60%	171.29%
Plan fiduciary net position as a percentage of the total pension liability	82.86%	68.55%	70.85%	71.36%

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.04331780%	0.04285510%	0.04478630%	0.04903400%	0.04903400%
\$ 2,588,143	\$ 3,136,598	\$ 2,555,550	\$ 2,481,583	\$ 2,915,895
\$ 1,431,443	\$ 1,335,250	\$ 1,348,300	\$ 1,424,834	\$ 1,714,697
180.81%	234.91%	189.54%	174.17%	170.05%
69.50%	62.98%	69.16%	71.70%	65.52%

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN 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 NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.04576029%	0.04503082%	0.04455607%	0.04428306%
District's proportionate share of the net pension liability	\$ 5,850,865	\$ 10,895,856	\$ 9,853,307	\$ 9,736,851
District's covered payroll	\$ 5,741,121	\$ 5,520,086	\$ 5,172,029	\$ 5,123,950
District's proportionate share of the net pension liability as a percentage of its covered payroll	101.91%	197.39%	190.51%	190.03%
Plan fiduciary net position as a percentage of the total pension liability	87.78%	75.48%	77.40%	77.30%

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.04342614%	0.04303970%	0.04237723%	0.04341443%	0.04341443%
\$ 10,315,973	\$ 14,406,685	\$ 11,711,827	\$ 10,559,892	\$ 12,578,874
\$ 4,795,571	\$ 4,551,464	\$ 4,421,357	\$ 4,435,754	\$ 5,442,400
215.11%	316.53%	264.89%	238.06%	231.13%
75.30%	66.80%	72.10%	74.70%	69.30%

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 289,112	\$ 238,615	\$ 225,554	\$ 202,495
Contributions in relation to the contractually required contribution	<u>(289,112)</u>	<u>(238,615)</u>	<u>(225,554)</u>	<u>(202,495)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,065,086	\$ 1,704,393	\$ 1,611,100	\$ 1,499,963
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 199,487	\$ 200,402	\$ 186,935	\$ 177,706	\$ 197,482	\$ 237,314
<u>(199,487)</u>	<u>(200,402)</u>	<u>(186,935)</u>	<u>(177,706)</u>	<u>(197,482)</u>	<u>(237,314)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,477,681	\$ 1,431,443	\$ 1,335,250	\$ 1,348,300	\$ 1,424,834	\$ 1,714,697
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 834,206	\$ 803,757	\$ 772,812	\$ 724,084
Contributions in relation to the contractually required contribution	<u>(834,206)</u>	<u>(803,757)</u>	<u>(772,812)</u>	<u>(724,084)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,958,614	\$ 5,741,121	\$ 5,520,086	\$ 5,172,029
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 717,353	\$ 671,380	\$ 637,205	\$ 618,990	\$ 576,648	\$ 707,512
<u>(717,353)</u>	<u>(671,380)</u>	<u>(637,205)</u>	<u>(618,990)</u>	<u>(576,648)</u>	<u>(707,512)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,123,950	\$ 4,795,571	\$ 4,551,464	\$ 4,421,357	\$ 4,435,754	\$ 5,442,400
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN 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 SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net OPEB liability	0.04825440%	0.04680530%	0.04502770%	0.04462460%
District's proportionate share of the net OPEB liability	\$ 913,254	\$ 1,017,232	\$ 1,132,352	\$ 1,238,007
District's covered payroll	\$ 1,704,393	\$ 1,611,100	\$ 1,499,963	\$ 1,477,681
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	53.58%	63.14%	75.49%	83.78%
Plan fiduciary net position as a percentage of the total OPEB liability	24.08%	18.17%	15.57%	13.57%

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

<u>2018</u>	<u>2017</u>
0.04360360%	0.04306718%
\$ 1,170,206	\$ 1,227,574
\$ 1,431,443	\$ 1,335,250
81.75%	91.94%
12.46%	11.49%

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN 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 SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net OPEB liability/asset	0.04576029%	0.04503082%	0.04455607%	0.04428306%
District's proportionate share of the net OPEB liability/(asset)	\$ (964,818)	\$ (791,416)	\$ (737,955)	\$ (711,584)
District's covered payroll	\$ 5,741,121	\$ 5,520,086	\$ 5,172,029	\$ 5,123,950
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	16.81%	14.34%	14.27%	13.89%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.73%	182.10%	174.70%	176.00%

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

<u>2018</u>	<u>2017</u>
0.04342614%	0.04303970%
\$ 1,694,328	\$ 2,301,774
\$ 4,795,571	\$ 4,551,464
35.33%	50.57%
47.10%	37.30%

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 32,663	\$ 26,614	\$ 27,811	\$ 33,369
Contributions in relation to the contractually required contribution	<u>(32,663)</u>	<u>(26,614)</u>	<u>(27,811)</u>	<u>(33,369)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,065,086	\$ 1,704,393	\$ 1,611,100	\$ 1,499,963
Contributions as a percentage of covered payroll	1.58%	1.56%	1.73%	2.22%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 30,556	\$ 22,128	\$ 20,240	\$ 34,413	\$ 29,730	\$ 45,044
<u>(30,556)</u>	<u>(22,128)</u>	<u>(20,240)</u>	<u>(34,413)</u>	<u>(29,730)</u>	<u>(45,044)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,477,681	\$ 1,431,443	\$ 1,335,250	\$ 1,348,300	\$ 1,424,834	\$ 1,714,697
2.07%	1.55%	1.52%	2.55%	2.09%	2.63%

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,958,614	\$ 5,741,121	\$ 5,520,086	\$ 5,172,029
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ -	\$ -	\$ -	\$ -	\$ 45,453	\$ 50,537
-	-	-	-	(45,453)	(50,537)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,123,950	\$ 4,795,571	\$ 4,551,464	\$ 4,421,357	\$ 4,435,754	\$ 5,442,400
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PENSION

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 year 2019.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.

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 year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table.

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 year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.

(Continued)

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PENSION (CONTINUED)

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 year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, 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 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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 2014-2022.

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%.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table.

(Continued)

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The 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 -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.

COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/ <i>Pass Through Grantor</i> / Program Title	Federal Assistance Listing Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through the Ohio Department of Education:</i>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program	10.553	\$97,792	\$81,664
National School Lunch Program	10.555	363,341	303,364
COVID-19 - National School Lunch Program		32,122	32,122
National School Lunch Program Non-Cash Assistance		31,169	31,169
Total National School Lunch Program		<u>426,632</u>	<u>366,655</u>
Total Child Nutrition Cluster		<u>524,424</u>	<u>448,319</u>
COVID-19 - State Pandemic Electronic Benefit Transfer	10.649	614	614
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>525,038</u>	<u>448,933</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through the Ohio Department of Education:</i>			
<u>Special Education Cluster:</u>			
Special Education - Grants to States	84.027	184,380	10,688
COVID-19 - Special Education - Grants to States		39,745	180,384
Total Special Education - Grants to States		<u>224,125</u>	<u>38,425</u>
Special Education - Preschool Grants	84.173	5,150	5,150
COVID-19 - Special Education - Preschool Grants		2,889	2,889
		<u>8,039</u>	<u>8,039</u>
Total Special Education Cluster		<u>232,164</u>	<u>237,536</u>
Title I Grants to Local Educational Agencies	84.010	124,577	13,777
Total Title I Grants to Local Educational Agencies		<u>124,577</u>	<u>122,084</u>
Student Support and Academic Enrichment Program	84.424	10,205	10,205
Supporting Effective Instruction State Grants	84.367	35,001	35,001
COVID-19 Education Stabilization Fund	84.425D	266,692	309,657
	84.425U	480,866	439,987
Total Education Stabilization Fund		<u>747,558</u>	<u>749,644</u>
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>1,149,505</u>	<u>1,168,247</u>
TOTAL		<u>\$1,674,543</u>	<u>\$1,617,180</u>

The accompanying notes are an integral part of this schedule.

**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE A – BASIS OF PRESENTATION

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) includes the federal award activity of Columbia Local School District (the District) under programs of the federal government for the year ended June 30, 2022. 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 or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenues and 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 fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



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

Columbia Local School District
Lorain County
25796 Royalton Road
Columbia Station, Ohio 44028

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Columbia Local School District, Lorain County, Ohio (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 5, 2023, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

January 5, 2023

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Columbia Local School District
Lorain County
25796 Royalton Road
Columbia Station, Ohio 44028

To the Board of Education:

Report on Compliance for the Major Federal Program

Qualified Opinion

We have audited Columbia Local School District's, Lorain County, Ohio, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Columbia Local School District's major federal program for the year ended June 30, 2022. Columbia Local School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

Qualified Opinion on Education Stabilization Fund

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* section of our report, Columbia Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Education Stabilization Fund for the year ended June 30, 2022.

Basis for Qualified Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Education Stabilization Fund

As described in finding 2022-001 in the accompanying schedule of findings, the District did not comply with requirements regarding Special Tests and Provisions – Wage Rate Requirements applicable to its Education Stabilization Fund major federal program.

Compliance with such requirements is necessary, in our opinion, for the District to comply with requirements applicable to that program.

Responsibilities of Management for Compliance

The District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our compliance audit described in the accompanying corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2022-001, to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance finding identified in our audit described in the accompanying corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Keith Faber
Auditor of State
Columbus, Ohio

January 5, 2023

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**COLUMBIA LOCAL SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Education Stabilization Fund, AL 84.425
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

Finding Number:	2022-001
AL Number and Title:	AL 84.425 Education Stabilization Fund
Federal Award Identification Number / Year:	2022
Federal Agency:	U.S. Department of Education
Compliance Requirement:	Special Tests and Provisions – Wage Rate Requirements
Pass-Through Entity:	Ohio Department of Education
Repeat Finding from Prior Audit?	No

Noncompliance and Material Weakness – Prevailing Wage Rate Requirements

2 CFR 3474.1 provides that the Department of Education (DOE) adopts the Office of Management and Budget (OMB) Guidance in **2 CFR part 200**. Thus, this section gives regulatory effect to the OMB guidance and supplements the guidance as needed for the DOE, except as otherwise noted in that section.

Appendix II to 2 CFR part 200, Paragraph D states that all contracts made by the non-Federal entity under the Federal award must contain provisions covering the following:

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, “Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction”). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland “Anti-Kickback” Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, “Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States”). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

Noncompliance and Material Weakness – Prevailing Wage Rate Requirements (Continued)

Lack of proper internal controls over Federal Grants management led to the District expending \$260,024 of its Education Stabilization Fund (ESSER) American Rescue Plan (ARP), AL 84.425U, federal grant funds for replacement/renovation of HVAC systems and associated roof repair on District school buildings without the District's contract with the vendor for these updates including a provision to ensure the contractor complied with Federal wage rate requirements. Additionally, the District did not obtain weekly certified payroll reports from the vendor to verify prevailing wages were paid.

Without proper controls over wage rate requirements, there is an increased risk that the District and its contractors and subcontractors are not in compliance with applicable federal regulations. Noncompliance could result in federal funding being reduced or taken away, or other sanctions imposed by the federal grantor agency.

The District should ensure contracts for construction in excess of \$2,000 paid with federal grant monies contain a provision the contractor comply with the wage rate requirements and ensure certified payroll reports are provided weekly by the contractor. The District should review the certified payroll reports and report all suspected or reported violations to the Federal awarding agency.

Officials' Response: See Corrective Action Plan

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COLUMBIA LOCAL SCHOOL DISTRICT

Administration Center
25796 Royalton Road
Columbia Station, OH 44028
(440) 236-5008

“Achieving Excellence Together”

CORRECTIVE ACTION PLAN 2 CFR § 200.515 JUNE 30, 2022

Finding Number: 2022-001
Planned Corrective Action: See Below
Anticipated Completion Date: 01/05/2023
Responsible Contact Person: Patricia Eddy, Treasurer

The District is aware of the requirement in Federal Program legislation to ensure the inclusion of the prevailing wage rate provision in agreements, as well as to obtain certified payroll reports to verify prevailing wages were paid.

At the time the District entered into the agreement with West Roofing to install and renovate the HVAC system at Columbia High School, which was January 7, 2021, ESSER funds were not awarded to the District. The District planned on using its Permanent Improvement funds (a non-federal program sourced fund) to pay West Roofing. The District initially paid West Roofing from the Permanent Improvement fund for the installation/renovation of the HVAC at Columbia High School as per the initial contract.

Once the ESSER funds were awarded, they allowed for previous expenses related to improving air quality to be included as part of reimbursement through ESSER funds. The prevailing wage was not met under the existing contract.

The District has implemented the following Action Plan for Correction:

1. The Treasurer will ensure that all agreements intended to be sourced through Federal Funds will contain prevailing wage rate provisions prior to signing such agreements.
2. The Treasurer will ensure that invoices from contractors contain the necessary prevailing wage certified payroll reports prior to approving such invoices for payment from Federal Funds,
3. The Treasurer will educate all responsible parties in the District regarding prevailing wage documentation to ensure appropriate documentation is obtained prior to payment to the contractors and prior to requesting Federal Funds.

Patricia Eddy, Treasurer

1-5-2023
Date

www.columbia.k12.oh.us

Administration Center 25796 Royalton Road Columbia Station, Ohio 44028 PHONE 440/236-5008 FAX 440/236-8817	Columbia High School 14168 West River Road Columbia Station, Ohio 44028 PHONE 440/236-5001 FAX 440/236-3081	Columbia Middle School 13646 West River Road Columbia Station, Ohio 44028 PHONE 440/236-5741 FAX 440/236-9274	Copopa Elementary School 13644 West River Road Columbia Station, Ohio 44028 PHONE 440/236-5020 FAX 440/236-1220
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OHIO AUDITOR OF STATE KEITH FABER



COLUMBIA LOCAL SCHOOL DISTRICT

LORAIN 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 1/31/2023

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