

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

**REGULAR AUDIT**

**FOR THE FISCAL YEARS ENDED JUNE 30, 2022-2021**

**OHIO AUDITOR OF STATE  
KEITH FABER**





**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY  
JUNE 30, 2022 AND 2021**

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**INDEPENDENT AUDITOR'S REPORT**

New Riegel Local School District  
Seneca County  
44 North Perry Street  
New Riegel, Ohio 44853-0207

To the Board of Education:

***Report on the Audit of the Financial Statements***

***Opinions***

We have audited the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Riegel Local School District, Seneca County, Ohio (the District) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022 and 2021, and the respective changes in cash-basis financial position thereof and the respective budgetary comparison for the General and Classroom Facilities Maintenance funds for the year then ended in accordance with the cash-basis of accounting described in Note 2.

***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 - Accounting Basis***

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Emphasis of Matter***

As discussed in Note 16 to the financial statements for the year ended June 30, 2022 and in Note 17 to the financial statements for the year ended June 30, 2021, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion with respect to 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 the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible 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.

***Other Information***

We applied no procedures to management's discussion and analyses as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 3, 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 3, 2023

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**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

The management's discussion and analysis of New Riegel Local School District's (the District) financial performance provides an overall review of the District's financial activities for the 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 cash-basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2022 are as follows:

- The total net position of the District increased \$439,100 or 10.51% from fiscal year 2021 net position.
- General receipts accounted for \$5,432,589 or 80.25% of total governmental activities receipts. Program specific receipts accounted for \$1,337,382 or 19.75% of total governmental activities receipts.
- The District had \$6,330,871 in disbursements related to governmental activities; \$1,337,382 of these disbursements were offset by program specific charges for services, grants or contributions. General receipts of \$5,432,589 were adequate to provide for these programs.
- The District's major funds are the General fund and the Classroom Facilities Maintenance fund. The General fund, the District's largest major fund, had total receipts of \$5,932,404 in 2022. The disbursements and other financing uses of the General fund, totaled \$5,579,324 in 2022. The General fund's balance increased \$353,080 or 11.23% from 2021.
- The Classroom Facilities Maintenance fund had total receipts of \$34,237 in 2022. The disbursements of the Classroom Facilities Maintenance totaled \$407 in 2022. The Classroom Facilities Maintenance fund's balance increased \$33,830 from 2021.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's cash basis of accounting.

The statement of net position - cash basis and statement of activities - cash basis provide information about the activities of the whole District, presenting an aggregate view of the District's cash basis 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 and the Classroom Facilities Maintenance fund are by far the most significant funds.

**Basis of Accounting**

The District has elected to present its financial statements on a cash basis of accounting. This cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipts and disbursement basis presentation in a statement of net position will be cash, cash equivalents and investments. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and cash equivalents. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

**Reporting the District as a Whole**

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

The statement of net position and statement of activities reflect how the District did financially during fiscal year 2022, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances and investments of the governmental type activities of the District at the fiscal year end. The statement of activities compares cash disbursements with program receipts of each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of the particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's net cash position and the changes in cash position. Keeping in mind the limitations of the cash basis accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position in one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other nonfinancial factors as well such as the District's property tax base, the condition of the District's capital assets and infrastructure, the extent of the District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net position and statement of activities, the governmental activities include the District's programs and services including instruction, support services, operation of non-instructional services, extracurricular activities, facilities acquisition and construction and debt service.

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

***Fund Financial Statements***

Fund financial statements 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 funds are the General fund and the Classroom Facilities Maintenance fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at the year-end available for spending in future periods. The governmental fund financial statements provide a detailed 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 readily spent to finance various District programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in a single column.

***Proprietary Funds***

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for employee dental and vision self-insurance.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's only fiduciary fund is a custodial fund.

***Notes to the Financial Statements***

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

**The District as a Whole**

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

	<b>Net Position</b>	
	Governmental Activities 2022	Governmental Activities 2021
	<u>2022</u>	<u>2021</u>
<u>Assets</u>		
Equity in pooled cash and		
cash equivalents	\$ 4,616,536	\$ 4,177,436
 <u>Net Position</u>		
Restricted	\$ 989,233	\$ 911,592
Unrestricted	<u>3,627,303</u>	<u>3,265,844</u>
Total net position	<u>\$ 4,616,536</u>	<u>\$ 4,177,436</u>

The total net position of the District increased \$439,100 which represents an 10.51% increase from fiscal year 2021 net position. The balance of government-wide unrestricted net position of \$3,627,303 may be used to meet the government's ongoing obligations to citizens and creditors.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

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

	<b>Change in Net Position</b>	
	Governmental	Governmental
	Activities	Activities
	<u>2022</u>	<u>2021</u>
<b>Receipts:</b>		
Program receipts:		
Charges for services and sales	\$ 450,762	\$ 1,062,668
Operating grants and contributions	886,620	660,321
Capital grants and contributions	-	37,023
Total program receipts	<u>1,337,382</u>	<u>1,760,012</u>
General receipts:		
Property taxes	1,289,613	1,319,747
Income tax	914,943	809,428
Unrestricted grants	3,122,780	2,439,704
Investment earnings	20,967	24,392
Miscellaneous	84,286	106,361
Issuance of Refunding		
Certificate of Participation	-	3,330,000
Premium on Certificate of		
Participation Refunding	-	139,426
Total general receipts	<u>5,432,589</u>	<u>8,169,058</u>
Total receipts	<u>\$ 6,769,971</u>	<u>\$ 9,929,070</u>

(Continued)

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

**Change in Net Position (Continued)**

	Governmental Activities <u>2022</u>	Governmental Activities <u>2021</u>
<b>Disbursements:</b>		
Instruction:		
Regular	\$ 2,766,344	\$ 2,784,069
Special	569,479	493,715
Vocational	7,834	22,046
Other	20,103	31,671
Support services:		
Pupil	281,968	229,231
Instructional staff	251,006	291,450
Board of education	53,280	46,573
Administration	407,161	397,406
Fiscal	213,709	228,084
Operations and maintenance	710,907	567,771
Pupil transportation	205,149	257,289
Food service operations	188,616	156,893
Other non instructional services	-	12,033
Extracurricular activities	379,215	273,641
Facilities acquisition and construction	-	17,418
Debt service:		
Principal retirement	185,000	150,498
Interest and fiscal charges	91,100	75,260
Refunding debt issuance costs	-	128,722
Accreted interest on CABs	-	43,643
Payment to refunding debt escrow agent	-	3,340,666
Total disbursements	<u>6,330,871</u>	<u>9,548,079</u>
Change in net position	439,100	380,991
Net position at beginning of year	<u>4,177,436</u>	<u>3,796,445</u>
Net position at end of year	<u>\$ 4,616,536</u>	<u>\$ 4,177,436</u>

**Governmental Activities**

Net position increased by \$439,100 in 2022. Total governmental disbursements of \$6,330,871 were offset by program receipts of \$1,337,382 and general receipts of \$5,432,589. Program receipts supported 21.12% of the total governmental disbursements.

The primary sources of receipts for 2022 are derived from property taxes, income taxes, and grants and entitlements. These receipt sources represent 78.69% of total governmental receipts. Real estate property is reappraised every six years.

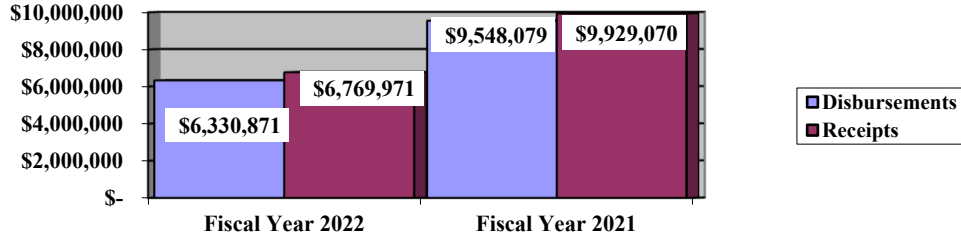
The largest disbursement of the District is for instructional programs. These disbursements totaled \$3,363,760 or 53.13% of total governmental disbursements for fiscal year 2022.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

The graph below presents the District's governmental activities receipts and disbursements for fiscal years 2022 and 2021.

**Governmental Activities - Total Receipts vs. Total Disbursements**



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.

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2022</u>	<u>2022</u>	<u>2021</u>	<u>2021</u>
<b>Disbursements:</b>				
Instruction:				
Regular	\$ 2,766,344	\$ 2,656,283	\$ 2,784,069	\$ 1,987,437
Special	569,479	144,766	493,715	168,691
Vocational	7,834	6,764	22,046	20,132
Other	20,103	1,016	31,671	1,186
Support services:				
Pupil	281,968	(3,594)	229,231	138,568
Instructional staff	251,006	227,800	291,450	197,408
Board of education	53,280	53,280	46,573	46,573
Administration	407,161	407,161	397,406	397,406
Fiscal	213,709	210,684	228,084	224,567
Operations and maintenance	710,907	699,300	567,771	502,945
Pupil transportation	205,149	195,207	257,289	190,447
Food service operations	188,616	(76,973)	156,893	(13,938)
Other non instructional services	-	-	12,033	640
Extracurricular activities	379,215	195,695	273,641	169,798
Facilities acquisition and construction	-	-	17,418	17,418
Debt service:				
Principal retirement	185,000	185,000	150,498	150,498
Interest and fiscal charges	91,100	91,100	75,260	75,260
Refunding debt issuance costs	-	-	128,722	128,722
Accreted interest on CABs	-	-	43,643	43,643
Payment to refunding debt escrow agent	-	-	3,340,666	3,340,666
<b>Total</b>	<u>\$ 6,330,871</u>	<u>\$ 4,993,489</u>	<u>\$ 9,548,079</u>	<u>\$ 7,788,067</u>

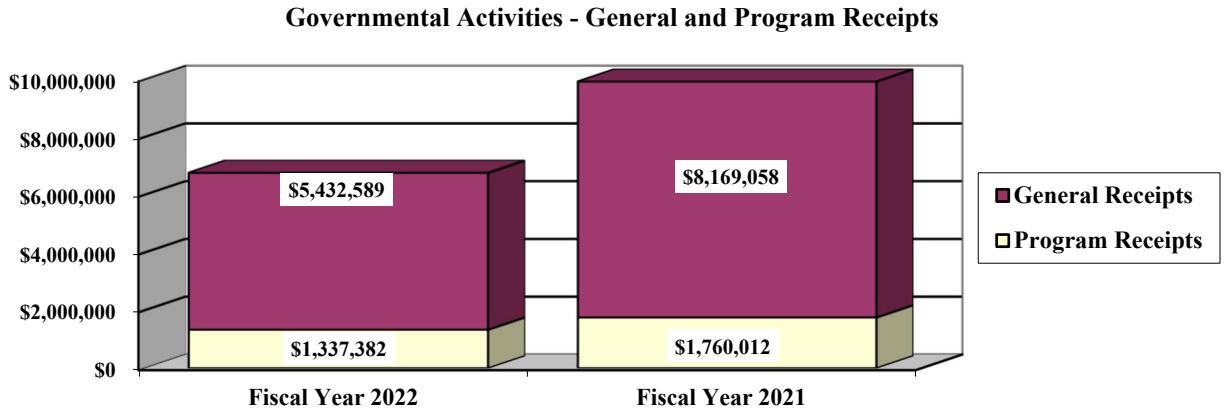


**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

The dependence upon general receipts for instructional activities is apparent; with 83.50% of disbursements supported through taxes and other general receipts during 2022. For all governmental activities, general receipts support is 78.88%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, are the primary support of the District's students.

The graph below presents the District's governmental activities receipts for fiscal year 2022 and 2021.



**The District's Funds**

The District's governmental funds reported a combined fund cash balance of \$4,585,193, which is \$433,316 higher than last year's fund balance of \$4,151,877. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2022 and June 30, 2021, for all major and nonmajor governmental funds.

	Fund Balance <u>June 30, 2022</u>	Fund Balance <u>June 30, 2021</u>	<u>Change</u>
General fund	\$ 3,496,359	\$ 3,143,279	\$ 353,080
Classroom facilities fund	615,052	581,222	33,830
Other governmental funds	473,782	427,376	46,406
Total	<u>\$ 4,585,193</u>	<u>\$ 4,151,877</u>	<u>\$ 433,316</u>

**General Fund**

The General fund, the District's largest major fund, had total receipts of \$5,932,404 in 2022. The disbursements and other financing uses of the General fund totaled \$5,579,324 in 2022. The General fund's balance increased \$353,080 or 11.23% from 2021 fund balance.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

The table that follows assists in illustrating the receipts of the General fund.

	<u>2022</u> <u>Amount</u>	<u>2021</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Receipts:</u></b>			
Taxes	\$ 2,146,821	\$ 2,058,999	4.27 %
Tuition and fees	229,571	940,555	(75.59) %
Earnings on investments	20,967	24,392	(14.04) %
Other local revenues	101,491	122,024	(16.83) %
Intergovernmental	<u>3,433,554</u>	<u>2,511,755</u>	36.70 %
Total	<u>\$ 5,932,404</u>	<u>\$ 5,657,725</u>	4.85 %

Cash receipts of the General fund increased \$274,679 or 4.85%. Intergovernmental receipts increased and tuition and fees decreased during fiscal year 2022. These fluctuations were primarily due to the change in foundation funding during the current fiscal year. Open enrollment receipts that in prior years would have been coded to tuition receipts are now included in the base cost which is coded to intergovernmental receipts. All other receipts were comparable to the prior fiscal year.

The table that follows assists in illustrating the disbursements of the General fund.

	<u>2022</u> <u>Amount</u>	<u>2021</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Disbursements:</u></b>			
Instruction	\$ 3,097,314	\$ 3,157,891	(1.92) %
Support services	1,911,769	1,754,725	8.95 %
Extracurricular activities	205,496	168,863	21.69 %
Facilities acquisition and construction	-	17,418	100.00 %
Debt service	<u>-</u>	<u>11,206</u>	(100.00) %
Total	<u>\$ 5,214,579</u>	<u>\$ 5,110,103</u>	2.04 %

Cash disbursements of the General fund increased \$104,476 or 2.04%. Extracurricular activities disbursements increased due to having more extracurriculars during the 2022 as a result of the improving status of the COVID-19 pandemic. Facilities acquisition and construction decreased in fiscal year 2022 due to the District not purchasing any capital related assets out of the General fund. Debt service disbursements decreased in the current fiscal year as a result of implementing GASB 87. All other disbursements remained comparable to 2021.

***Classroom Facilities Maintenance Fund***

The Classroom Facilities Maintenance fund had total receipts of \$34,237 in 2022. The disbursements of the Classroom Facilities Maintenance fund totaled \$407 in 2022. The Classroom Facilities Maintenance fund's balance increased \$33,830 from 2021.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

***Budgeting Highlights - General Fund***

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

For the General fund, the original and final budgeted receipts and other financing sources were both \$5,754,491. The actual receipts and other financing sources of \$5,982,125 were \$227,634 higher than final and original budgeted receipts and other financing sources. The final budgeted disbursements and other financing uses of \$5,804,141 were \$75,000 higher than the original budgeted disbursements and other financing uses of \$5,729,141. The actual disbursements and other financing uses of \$5,707,396 were \$96,745 less than the final budgeted disbursements and other financing uses of \$5,804,141.

**Capital Assets and Debt Administration**

***Capital Assets***

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The District did not have any disbursements coded to facilities acquisition and construction during fiscal year 2022.

***Debt Administration***

The District had the following long-term obligations outstanding at June 30, 2022 and 2021:

	<u>Governmental Activities 2022</u>	<u>Governmental Activities 2021</u>
Series 2011 bond refunding Term Bonds	\$ 130,000	\$ 195,000
2020 Refunding Certificate of Participation	<u>3,200,000</u>	<u>3,320,000</u>
Total long-term obligations	<u>\$ 3,330,000</u>	<u>\$ 3,515,000</u>

**Current Financial Related Activities**

The District has carefully managed its General Fund in order to optimize the dollars available for educating its students.

The District’s local funding includes a continuing .75% income tax and an additional 5 year, .75% income tax. The additional .75% income tax became effective January 1, 2007. A renewal levy for this .75% income was approved by the voters in 2010, 2015 and 2020. This levy will expire 12/31/2026. Our district’s real estate tax effective rate is 24.38 mills. Our district is extremely fortunate to have strong support from our local community.

The 2022-23 state budget-based school funding on the new Fair School Funding Plan (FSFP). The switch to this new funding formula has been favorable to our district by increasing our annual state aid by 12%. With the new funding formula, schools are receiving state foundation funding for the students they educate, as opposed to resident students. State funding is a very significant funding source for our district, so we continue to monitor any potential changes in the funding formulas.

The Board of Education issued Certificates of Participation in 2017 and refinanced them in 2020. The issue was necessary because of extensive repairs needed on our K-12 school building costing \$4,747,700. The repayment of these bonds are a General fund expenditure averaging \$201,600 a year, maturing in 2041.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

We received several federal grants due to Covid-19. We continue to use these grants to pay for student social/emotional supports and learning loss supports.

Our District continues to strive to best utilize the resources available to us. It is imperative that the District's Board and management team continue to carefully and prudently plan in order to provide the resource required to meet the student's desired needs over the next several years. It is always our goal to provide "a quality education in a small school setting".

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Brad Radison, Treasurer, New Riegel Local School District, 44 North Perry Street, New Riegel, Ohio 44853-0207.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF NET POSITION - CASH BASIS  
JUNE 30, 2022

	<u>Governmental Activities</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 4,616,536
<b>Net position:</b>	
Restricted for:	
Classroom facilities maintenance	\$ 615,052
Debt service	73,919
State funded programs	86,674
Federally funded programs	13,571
Food service operations	107,217
Student activities	82,507
Other purposes	10,293
Unrestricted	3,627,303
Total net position	<u>\$ 4,616,536</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular	\$ 2,766,344	\$ 16,282	\$ 93,779	\$ (2,656,283)
Special	569,479	213,289	211,424	(144,766)
Vocational	7,834	-	1,070	(6,764)
Other	20,103	-	19,087	(1,016)
Support services:				
Pupil	281,968	-	285,562	3,594
Instructional staff	251,006	-	23,206	(227,800)
Board of education	53,280	-	-	(53,280)
Administration	407,161	-	-	(407,161)
Fiscal	213,709	-	3,025	(210,684)
Operations and maintenance	710,907	2,290	9,317	(699,300)
Pupil transportation	205,149	9,574	368	(195,207)
Operation of non-instructional services:				
Food service operations	188,616	31,379	234,210	76,973
Extracurricular activities	379,215	177,948	5,572	(195,695)
Debt service:				
Principal retirement	185,000	-	-	(185,000)
Interest and fiscal charges	91,100	-	-	(91,100)
<b>Total governmental activities</b>	<b>\$ 6,330,871</b>	<b>\$ 450,762</b>	<b>\$ 886,620</b>	<b>(4,993,489)</b>
		<b>General Receipts:</b>		
		Property taxes levied for:		
		General purposes		1,231,878
		Special revenue		17,544
		Debt service		40,191
		School district income tax		914,943
		Grants and entitlements not restricted to specific programs		3,122,780
		Investment earnings		20,967
		Miscellaneous		84,286
		<b>Total general receipts</b>		<b>5,432,589</b>
		Change in net position		439,100
		<b>Net position at beginning of year</b>		<b>4,177,436</b>
		<b>Net position at end of year</b>		<b>\$ 4,616,536</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

	<u>General</u>	<u>Classroom Facilities Maintenance</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents	\$ 3,496,359	\$ 615,052	\$ 473,782	\$ 4,585,193
<b>Fund balances:</b>				
Restricted:				
Debt service	\$ -	\$ -	\$ 73,919	\$ 73,919
Classroom facilities maintenance	-	615,052	-	615,052
Food service operations	-	-	107,217	107,217
State funded programs	-	-	2,105	2,105
Federally funded programs	-	-	13,571	13,571
Extracurricular	-	-	82,507	82,507
Student wellness and success	-	-	84,569	84,569
Other purposes	-	-	10,293	10,293
Committed:				
Termination benefits	74,949	-	-	74,949
Assigned:				
Student instruction	137	-	-	137
Student and staff support	59,247	-	-	59,247
Public school support	12,078	-	-	12,078
Capital improvements	-	-	99,601	99,601
Unassigned	3,349,948	-	-	3,349,948
Total fund balances	<u>\$ 3,496,359</u>	<u>\$ 615,052</u>	<u>\$ 473,782</u>	<u>\$ 4,585,193</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

<b>Total governmental fund balances</b>	\$ 4,585,193
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.	<u>31,343</u>
<b>Net position of governmental activities</b>	<u><u>\$ 4,616,536</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>General</u>	<u>Classroom Facilities Maintenance</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>				
From local sources:				
Property taxes	\$ 1,231,878	\$ 17,544	\$ 40,191	\$ 1,289,613
Income taxes	914,943	-	-	914,943
Intergovernmental	3,433,554	13,668	554,699	4,001,921
Investment earnings	20,967	3,025	264	24,256
Tuition and fees	229,571	-	-	229,571
Extracurricular	15,056	-	172,607	187,663
Rental income	2,149	-	-	2,149
Charges for services	-	-	31,379	31,379
Contributions and donations	3,617	-	4,171	7,788
Miscellaneous	80,669	-	19	80,688
Total receipts	<u>5,932,404</u>	<u>34,237</u>	<u>803,330</u>	<u>6,769,971</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular	2,608,651	-	126,888	2,735,539
Special	478,553	-	88,464	567,017
Vocational	7,834	-	-	7,834
Other	2,276	-	17,827	20,103
Support services:				
Pupil	206,789	-	73,183	279,972
Instructional staff	225,960	-	22,584	248,544
Board of education	53,280	-	-	53,280
Administration	404,699	-	-	404,699
Fiscal	211,120	407	951	212,478
Operations and maintenance	617,201	-	91,526	708,727
Pupil transportation	192,720	-	10,211	202,931
Operation of non-instructional services:				
Food service operations	-	-	188,616	188,616
Extracurricular activities	205,496	-	173,719	379,215
Debt service:				
Principal retirement	-	-	185,000	185,000
Interest and fiscal charges	-	-	91,100	91,100
Total disbursements	<u>5,214,579</u>	<u>407</u>	<u>1,070,069</u>	<u>6,285,055</u>
Excess of receipts over (under) disbursements	<u>717,825</u>	<u>33,830</u>	<u>(266,739)</u>	<u>484,916</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	313,145	313,145
Transfers (out)	(364,745)	-	-	(364,745)
Total other financing sources (uses)	<u>(364,745)</u>	<u>-</u>	<u>313,145</u>	<u>(51,600)</u>
Net change in fund balances	353,080	33,830	46,406	433,316
<b>Fund balances at beginning of year</b>	<u>3,143,279</u>	<u>581,222</u>	<u>427,376</u>	<u>4,151,877</u>
<b>Fund balances at end of year</b>	<u>\$ 3,496,359</u>	<u>\$ 615,052</u>	<u>\$ 473,782</u>	<u>\$ 4,585,193</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS - CASH BASIS  
TO THE STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<b>Net change in fund balances - total governmental funds</b>	\$	433,316
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*Amounts reported for governmental activities in the statement of activities are different because:*

An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund disbursements and the related internal service fund receipts are eliminated. The net receipts (disbursements) of the internal service fund is allocated among the governmental activities.

5,784

<b>Change in net position of governmental activities</b>	\$	<u>439,100</u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
From local sources:				
Property taxes	\$ 1,249,050	\$ 1,249,050	\$ 1,231,878	\$ (17,172)
Income taxes	841,800	841,800	914,943	73,143
Intergovernmental	2,558,141	2,558,141	3,433,554	875,413
Investment earnings	15,000	15,000	20,967	5,967
Tuition and fees	950,000	950,000	229,571	(720,429)
Extracurricular	11,000	11,000	11,000	-
Rental income	1,000	1,000	2,149	1,149
Contributions and donations	-	-	3,000	3,000
Miscellaneous	72,100	72,100	77,163	5,063
Total receipts	<u>5,698,091</u>	<u>5,698,091</u>	<u>5,924,225</u>	<u>226,134</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular	2,682,822	2,882,170	2,608,788	273,382
Special	492,134	424,144	478,553	(54,409)
Vocational	8,056	29,899	7,834	22,065
Other	2,341	400	2,276	(1,876)
Support services:				
Pupil	215,640	194,310	209,689	(15,379)
Instructional staff	263,819	218,942	256,539	(37,597)
Board of education	54,792	51,055	53,280	(2,225)
Administration	416,405	399,867	404,914	(5,047)
Fiscal	218,928	212,299	212,887	(588)
Operations and maintenance	659,177	687,110	640,987	46,123
Pupil transportation	198,189	192,845	192,720	125
Extracurricular activities	185,838	180,100	180,710	(610)
Total disbursements	<u>5,398,141</u>	<u>5,473,141</u>	<u>5,249,177</u>	<u>223,964</u>
Excess of receipts over disbursements	<u>299,950</u>	<u>224,950</u>	<u>675,048</u>	<u>450,098</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures	-	-	1,500	1,500
Transfers in	56,400	56,400	56,400	-
Transfers (out)	(331,000)	(331,000)	(458,219)	(127,219)
Total other financing sources (uses)	<u>(274,600)</u>	<u>(274,600)</u>	<u>(400,319)</u>	<u>(125,719)</u>
Net change in fund balance	25,350	(49,650)	274,729	324,379
<b>Unencumbered fund balance at beginning of year</b>	2,962,228	2,962,228	2,962,228	-
<b>Prior year encumbrances appropriated</b>	112,991	112,991	112,991	-
<b>Unencumbered fund balance at end of year</b>	<u>\$ 3,100,569</u>	<u>\$ 3,025,569</u>	<u>\$ 3,349,948</u>	<u>\$ 324,379</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
CLASSROOM FACILITIES MAINTENANCE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts:</b>				
From local sources:				
Property taxes	\$ 17,871	\$ 17,871	\$ 17,544	\$ (327)
Intergovernmental	13,650	13,650	13,668	18
Investment earnings	3,500	3,500	3,025	(475)
Total receipts	35,021	35,021	34,237	(784)
<b>Disbursements:</b>				
Current:				
Support services:				
Fiscal	1,000	1,000	407	593
Operations and maintenance	99,000	99,000	-	99,000
Total disbursements	100,000	100,000	407	99,593
Net change in fund balance	(64,979)	(64,979)	33,830	98,809
<b>Unencumbered fund balance at beginning of year</b>	581,222	581,222	581,222	-
<b>Unencumbered fund balance at end of year</b>	\$ 516,243	\$ 516,243	\$ 615,052	\$ 98,809

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY

STATEMENT OF NET POSITION - CASH BASIS  
PROPRIETARY FUND  
JUNE 30, 2022

	<u>Governmental Activities - Internal Service Fund</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 31,343
<b>Net position:</b>	
Unrestricted	<u>\$ 31,343</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN NET POSITION - CASH BASIS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating receipts:</b>	
Charges for services	\$ 8,082
<b>Operating disbursements:</b>	
Claims	53,898
Operating (loss)	(45,816)
Transfer in	51,600
Change in net position	5,784
<b>Net position at beginning of year</b>	<b>25,559</b>
<b>Net position at end of year</b>	<b>\$ 31,343</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS  
FIDUCIARY FUND  
JUNE 30, 2022

	<u>Custodial</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 9,031
<b>Net position:</b>	
Held for individuals	<u>\$ 9,031</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Custodial</u>
<b>Additions:</b>	
Amounts collected for individuals	\$ 55,815
<b>Deductions:</b>	
Amounts distributed on behalf of individuals	<u>55,626</u>
Change in net position	189
<b>Net position at beginning of year</b>	<u>8,842</u>
<b>Net position at end of year</b>	<u>\$ 9,031</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

**NOTE 1 - REPORTING ENTITY**

New Riegel Local School District (the District) is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The District provides educational services as authorized by State and Federal guidelines.

The District was established in 1841 through the consolidation of existing land areas and school districts. The District serves an area approximately 30 square miles. It is located in Seneca County and includes the entire Village of New Riegel. It is staffed by 28 classified employees, 35 certified teaching personnel and 4 administrative employees who provide services to 466 students in grades K through 12 and other community members. The District currently operates one elementary, one middle school and one comprehensive high school.

The reporting entity is composed of the primary government and other organizations that are included to insure the financial statements are not misleading.

**A. Primary Government**

The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

**B. Component Units**

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 governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units.

**C. Other Organizations**

The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association (NOECA)

The District is a participant in the NOECA, which is a computer consortium. NOECA is an association of forty-one public school districts formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The NOECA Board of Directors consists of two representatives from each county in which participating school districts are located, the chairman of each of the operating committees, and a representative from the fiscal agent. Financial information can be obtained from Tim Rettig, who serves as Director, 219 Howard Drive, Sandusky, Ohio 44870.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

Vanguard-Sentinel Technology and Career Centers

The Vanguard-Sentinel Technology and Career Centers is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Vanguard-Sentinel Technology and Career Centers at 1306 Cedar Street, Fremont, Ohio 43420.

Northwestern Ohio Educational Research Council, Inc. (NOERC)

The NOERC is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the NOERC, Box 456, Ashland, Ohio 44805.

Bay Area Council of Governments (BACG)

The BACG is a jointly governed organization. Members of the BACG consist of twenty-six school districts representing seven counties (Ottawa, Sandusky, Seneca, Erie, Huron, Wood, and Crawford). The BACG was formed for the purpose of purchasing goods and services at a lower cost. The items currently being purchased through the council of governments are natural gas and insurance. The only cost to the District is an administrative charge if they participate in purchasing through the BACG. The BACG consists of the superintendent of each participating school district. The Board of Directors of the BACG consist of one elected representative of each county, the superintendent of the fiscal agent, and two non-voting members (administrator and fiscal officer). Members of the Board serve staggered two-year terms. The District paid \$14,252 during fiscal year 2022 for natural gas. Financial information is available from the North Point Educational Service Center (fiscal agent), at 4918 Milan Road, Sandusky, Ohio 44870.

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in a group program for workers' compensation as established in Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP) was established as an insurance purchasing pool. The GRP is governed by a three-member Board of Directors. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. Refer to Note 11.B. for further information on this group rating program.

INSURANCE PURCHASING POOL

The Ohio School Plan

The School 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 member 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 an 11-member board consisting of individual representatives from various OSP members.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

The Hylant Group Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Hyre 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-Hyre Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

The District's management believes these financial statements present all activities for which the District is financially accountable.

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

As discussed in Note 2.A, these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

**A. Basis of Accounting**

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related receipts (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related disbursements (such as accounts payable and expenses for goods and services received, but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**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.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. The following are the District's major governmental funds:

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.

Classroom Facilities Maintenance Fund - The Classroom Facilities Maintenance fund is used to account for the proceeds of a levy for the maintenance of facilities.

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 expenditure for principal and interest.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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**PROPRIETARY FUND**

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service fund:

*Internal Service Fund:* The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides dental and vision benefits to employees.

**FIDUCIARY FUNDS**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's custodial funds account for funds held for individuals within the District. The District does not have pension trust funds, private-purpose trust fund or investment trust funds.

**C. Basis of Presentation**

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund operating activity is eliminated to avoid overstatement of cash receipts and cash disbursements.

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the District.

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. The internal service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

**D. Budgetary Process**

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board.

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The legal level of budgetary control selected by the Board is at the fund level. Any budgetary modifications at this level may only be made by the Board of Education.

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

The appropriations resolution is subject to amendment throughout the year with the restrictions that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

**E. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. 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, investments were limited to investments in the State Treasury Asset Reserve of Ohio (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 a 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. By policy of the Board of Education, investment earnings are assigned to the fund from which the investment was made. Interest revenue credited to the General fund during fiscal year 2022 amounted to \$20,967, which includes \$2,653 assigned from other 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 year end is provided in Note 5.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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**F. Inventory and Prepaid Items**

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Capital Assets**

Acquisitions of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**H. Accumulated Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting.

**I. Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes the disbursements for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 12 and 13, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**J. Leases**

The District is the lessee in various leases related to equipment under noncancelable leases. Lease payables are not reflected under the District's cash basis of accounting. Lease disbursements are recognized when they are paid.

**K. Long-Term Obligations**

The District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

**L. Fund Cash Balance**

The District reports classifications of fund balance based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact.

Restricted - amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, the Board of Education.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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Assigned - amounts that are constrained by the District's intent to be used for specific purpose, but are neither restricted nor committed. Assigned amounts include those approved through the District's formal purchasing procedure by the Treasurer. Through the District's purchasing policy, the Board of Education has given the Treasurer the authority to constrain monies for intended purposes.

Unassigned - residual fund balance within the General fund that is in spendable form that is not restricted, committed, or assigned.

The District applies restricted resources first when an expense is incurred for purposes for which restricted and unrestricted fund balance is available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

**M. Net Position**

Net position is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use.

The District applies restricted resources first when a disbursement is incurred for purposes for which both restricted and unrestricted cash are available.

**N. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as disbursements in the purchaser funds. Subsidies 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 disbursements to the funds that initially paid for them are not presented on the basic financial statements.

Interfund activity between governmental funds is eliminated in the statement of activities.

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

For purposes of measuring the net pension/OPEB liability and net OPEB asset, 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.

**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".

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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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. Since the District does not prepare financial statements using generally accepted accounting principles, the implementation of GASB Statement No. 87 did not have an effect on the financial statements of the District. The notes to the basic financial statements include the disclosure requirements under the Statement.

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.

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.



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**B. Compliance**

Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its basic financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying basic financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of receipts, disbursements and changes in fund balance - budget and actual (budgetary basis) presented for the General fund and Classroom Facilities Maintenance fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than a reservation of fund balance (cash).

The following table summarizes the adjustments necessary to reconcile the budgetary basis statement to the cash basis statement for the General fund and Classroom Facilities Maintenance fund:

**Net Change in Fund Balance**

	<u>General Fund</u>	<u>Classroom Facilities Maintenance Fund</u>
Budget basis	\$ 274,729	\$ 33,830
Funds budgeted elsewhere **	18,967	-
Adjustment for encumbrances	59,384	-
Cash basis	\$ 353,080	\$ 33,830

\*\* As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund for financial reporting. This includes the Public-School Support fund and the Termination Benefits fund.

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

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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, Government National Mortgage Association, and Student Loan Marketing 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;
5. No-load money market mutual funds consisting exclusively of obligation 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;
6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio).
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and
8. Under limited circumstance, corporate debt interest rate in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**A. Deposits with Financial Institutions**

At June 30, 2022, the carrying amount of all District deposits was \$2,832,883 and the bank balance of all District deposits was \$2,953,988. Of the bank balance, \$1,306,077 was covered by the FDIC and \$1,647,911 was covered by the Ohio Pooled Collateral System (OPCS).

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Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School 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 School District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the 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 reduced rate set by the Treasurer of State. For fiscal year 2022, the District's financial institutions collateral rate through the OPCS was 102 percent. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

**B. Investments**

As of June 30, 2022, the District had the following investments and maturities:

<u>Investment type</u>	<u>Net Asset Value</u>	<u>Investment Maturities 6 months or less</u>
STAR Ohio	<u>\$ 1,792,684</u>	<u>\$ 1,792,684</u>

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*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 rating agency. The District has no policy dealing with credit risk beyond the requirements of 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 investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount 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>Investment type</u>	<u>Net Asset Value</u>	<u>% of Total</u>
STAR Ohio	<u>\$ 1,792,684</u>	<u>100.00</u>

**C. Reconciliation of Cash 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:

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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Cash and investments per note

Carrying amount of deposits	\$ 2,832,883
Investments	<u>1,792,684</u>
Total	<u>\$ 4,625,567</u>

Cash and investments per statement of net position

Governmental activities	\$ 4,616,536
Custodial funds	<u>9,031</u>
Total	<u>\$ 4,625,567</u>

**NOTE 6 - INTERFUND TRANSACTIONS**

**Interfund transfers**

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

<u>Transfers from the General fund to:</u>	<u>Amount</u>
Internal Service fund	\$ 51,600
Other nonmajor governmental funds	<u>313,145</u>
Total	<u>\$ 364,745</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to 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 on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. 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, 2020, 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 tangible 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.

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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.

Tangible personal property tax revenues received in the District’s fiscal year ended June 30, 2022 (other than public utility property) generally represent the collection of calendar year 2020 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2021 were levied after October 1, 2020 on the value as of December 31, 2020. Amounts paid by multi-county taxpayers were due September 20, 2021. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2021, with the remainder payable by September 20, 2021.

The District receives property taxes from Seneca 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 2022 operations. The amount available to be advanced can vary based on the date tax bills are sent.

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

	2021 Second		2022 First	
	Half Collections		Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 48,511,130	85.54	\$ 48,992,650	84.95
Public utility personal	<u>8,201,450</u>	<u>14.46</u>	<u>8,681,870</u>	<u>15.05</u>
Total	<u>\$ 56,712,580</u>	<u>100.00</u>	<u>\$ 57,674,520</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation		\$38.80		\$38.80

**NOTE 8 - SCHOOL DISTRICT INCOME TAX**

The District levies a voted tax of three-quarters of one percent (0.75%) for general operations on the income of residents and of estates. The tax was effective on January 1, 1990, and is a continuing tax. An additional tax of three-quarters of one percent (0.75%) was passed by the voters on May 2, 2006. This additional tax was for a period of five years beginning January 1, 2007, for the purpose of current expenses. The levy was renewed by the voters on November 3, 2015 and expired December 31, 2021. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General fund. Total income tax revenue for fiscal year 2022 equaled \$914,943.

**NOTE 9 - DEBT**

- A. Classroom Facilities Improvement Refunding Bonds - Series 2010 - On December 22, 2010, the District issued series 2010 classroom facilities improvement refunding bonds to refund the callable portion of the series 2001 general obligation bonds (principal \$680,000). Issuance proceeds totaling \$698,464 were deposited with an escrow agent.

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This refunding issue is comprised of both current interest term bonds and capital appreciation bonds, in the amount of \$645,000 and \$34,999, respectively. The interest rate on the term bonds range from 1.20% to 3.80%. The bonds were issued for a thirteen year period, with final maturity during fiscal year 2024. The bonds will be retired through the bond retirement fund, a nonmajor governmental fund. The capital appreciation bonds matured December 1, 2019 and 2020 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. Both capital appreciation bonds bear an approximate compounding interest rate of 13.510%. The accreted value at maturity for both capital appreciation bonds is \$60,000 each.

The \$105,000 current interest term bonds matured on December 1, 2014, had an interest rate of 1.80% per year and were subject to mandatory sinking fund redemption on December 1, 2013 (Mandatory Redemption Date), in the principal amount of \$50,000 (with the balance of \$55,000 paid on December 1, 2014).

The \$115,000 current interest term bonds matured on December 1, 2016, had an interest rate of 2.30% per year and were subject to mandatory sinking fund redemption on December 1, 2015 (Mandatory Redemption Date), in the principal amount of \$55,000 (with the balance of \$60,000 paid on December 1, 2016).

The \$120,000 current interest term bonds matured on December 1, 2018, had an interest rate of 2.90% per year and were subject to mandatory sinking fund redemption on December 1, 2017 (Mandatory Redemption Date), in the principal amount of \$60,000 (with the balance of \$60,000 paid on December 1, 2018).

The \$195,000 current interest term bonds maturing on December 1, 2023, shall bear interest at the rate of 3.80% per year and be subject to mandatory redemption requirements on December 1 in the years (Mandatory Redemption Dates) and in the principal amounts as follows (with the balance of \$65,000 to be paid at maturity on December 1, 2023).

<u>Year (December 1)</u>	<u>Amount</u>
2022	\$ 65,000

Certificates of Participation – Series 2017 – The series 2017 certificates of participation (COPs) were issued in fiscal year 2017 in the amount of \$3,705,000 for the purpose of constructing, improving, equipping and furnishing school facilities and improvements. The COPs had interest rates ranging from 3.0% to 4.0% and had a final maturity of December 1, 2041. The principal balance of \$3,285,000 was refunded by series 2020 COPs in fiscal year 2021. The District paid \$120,000 and \$84,925 in principal and interest, respectively, during the current fiscal year.

Refunding Certificates of Participation – Series 2020 – The series 2020 certificates of participation (COPs) were issued in fiscal year 2021 in the amount of \$3,330,000 for the purpose of refunding the series 2017 COPs which were issued for the purpose of constructing, improving, equipping, and furnishing school facilities and improvements. The COPs bear interest rates ranging from 2.0% to 3.0% and the final stated maturity is December 1, 2041.

The net present value savings of the current refunding was \$400,276. The issuance proceeds were used to purchase securities which were placed in escrow to provide resources for all future debt service payments on the refunded debt. \$3,340,667 was paid to the refunding escrow agent in fiscal year 2021 as part of the transaction.

Principal and interest requirements to retire the outstanding debt obligations at June 30, 2022, are as follows:

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Fiscal Year Ending <u>June 30,</u>	Classroom Facilities Improvement Refunding Bonds - Series 2010		
	Current Interest Bonds		
	Principal	Interest	Total
2023	\$ 65,000	\$ 3,705	\$ 68,705
2024	<u>65,000</u>	<u>1,235</u>	<u>66,235</u>
Total	<u>\$ 130,000</u>	<u>\$ 4,940</u>	<u>\$ 134,940</u>

Fiscal Year Ending <u>June 30,</u>	Refunding Certificates of Participation - Series 2020		
	Principal	Interest	Total
	2023	\$ 120,000	\$ 81,325
2024	125,000	77,650	202,650
2025	125,000	73,900	198,900
2026	135,000	70,000	205,000
2027	140,000	65,875	205,875
2028 - 2032	750,000	264,125	1,014,125
2033 - 2037	850,000	151,700	1,001,700
2038 - 2042	<u>955,000</u>	<u>54,388</u>	<u>1,009,388</u>
Total	<u>\$ 3,200,000</u>	<u>\$ 838,963</u>	<u>\$ 4,038,963</u>

- B.** The long-term debt obligations have been restated at the beginning of year to remove the capital lease obligation reported at June 30, 2021, due to the implementation of GASB Statement No. 87.

During fiscal year 2022, the following activity occurred in governmental activities long-term obligations:

	(Restated)			Balance Outstanding <u>June 30, 2022</u>	Amounts Due in <u>One Year</u>
	<u>June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>		
<b>Governmental activities:</b>					
Classroom facilities improvement refunding bonds, series 2010					
Current interest term bonds	\$ 195,000	\$ -	\$ (65,000)	\$ 130,000	\$ 65,000
Refunding Certificates of Participation, Series 2020	<u>3,320,000</u>	<u>-</u>	<u>(120,000)</u>	<u>3,200,000</u>	<u>120,000</u>
Total long-term obligations, governmental activities	<u>\$ 3,515,000</u>	<u>\$ -</u>	<u>\$ (185,000)</u>	<u>\$ 3,330,000</u>	<u>\$ 185,000</u>

**C. 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 use in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006.

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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 \$5,134,626 (including available funds of \$73,919) and an unvoted debt margin of \$57,675.

**NOTE 10 - 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 contracted the following insurance coverage:

Coverage provided by Ohio School Plan.

Building and Contents - replacement costs (\$1,000 deductible)	\$29,551,559
<u>Commercial Auto Coverage</u>	
Liability	6,000,000
Uninsured/Underinsured Motorist	250,000
Medical Payments	10,000
<u>General Liability</u>	
Bodily Injury and Property Damage	6,000,000
Products/Completed Operations	6,000,000
Personal Injury/Advertising Liability	6,000,000
Annual Aggregate	8,000,000

Coverage provided by Ohio School Plan (continued):

<u>Educators’ Legal Liability</u>	
Each Wrongful Act	\$ 6,000,000
Annual Aggregate	8,000,000
Employee Benefits Liability (\$2,500 Deductible)	6,000,000
<u>Cyber Coverage</u>	
Limit	1,000,000
Deductible	100,000

**B. Workers’ Compensation**

The District participates in the Ohio School Boards Association Workers’ Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 1.C.). The GRP’s business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. Participation in the GRP is limited to school districts that can meet the GRP’s selection criteria. Sedgwick provides administrative, cost control and actuarial services to the GRP.



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**C. Medical, Vision, and Dental Insurance**

The District elected to provide medical benefits to employees. The District pays a portion of the medical benefits' high deductible plan for employees. The plan is administered by Anthem and Custom Design Benefits.

The District offered vision and dental benefits to all employees through a self-insurance internal service fund. A comparison of self-insurance fund cash and cash equivalents to the actuarially measured liability as of June 30, 2022, is as follows:

	<u>Amount</u>
Cash reserves	\$ 126,981
Actuarial liabilities	35,996

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

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

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

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

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

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 net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

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The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

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

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

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 \$92,733 for fiscal year 2022.

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

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation 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.

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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 \$371,883 for fiscal year 2022.

***Net Pension Liability***

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:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.02012980%	0.01783995%	
Proportion of the net pension liability current measurement date	<u>0.01998840%</u>	<u>0.01948304%</u>	
Change in proportionate share	<u>-0.00014140%</u>	<u>0.00164309%</u>	
Proportionate share of the net pension liability	\$ 737,514	\$ 2,491,082	\$ 3,228,596

***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.

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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.

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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	\$ 1,227,042	\$ 737,514	\$ 324,674

**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:

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	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%

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:

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 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.

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***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:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 4,664,863	\$ 2,491,082	\$ 654,241

***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 12 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability/Asset***

See Note 11 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](http://www.ohsers.org) under Employers/Audit Resources.

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

**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.



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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 \$13,256.

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 \$13,256 for fiscal year 2022.

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

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

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

***Net OPEB Liability/Asset***

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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.02085600%	0.01783995%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.02061360%</u>	<u>0.01948304%</u>	
Change in proportionate share	<u>-0.00024240%</u>	<u>0.00164309%</u>	
Proportionate share of the net OPEB liability	\$ 390,129	\$ -	\$ 390,129
Proportionate share of the net OPEB asset	\$ -	\$ (410,784)	\$ (410,784)

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***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%

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(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 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>	

**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.

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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	\$ 483,417	\$ 390,129	\$ 315,604
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 300,368	\$ 390,129	\$ 510,023

***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:

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

	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	
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				
	Initial	Ultimate	Initial	Ultimate
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.

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:

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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(Continued)

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	Current Discount Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 346,638	\$ 410,784

	1% Decrease	Current Trend Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 462,197	\$ 410,784

**NOTE 13 - 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.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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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 a defendant.

**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, ODE adjustments for fiscal year 2022 have been finalized and resulted in a receivable to the District totaling \$9,386. The amount was not reported in the cash-basis financial statements.

**NOTE 14 - STATUTORY RESERVES**

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	73,690
Current year offsets	<u>(108,220)</u>
Total	<u>\$ (34,530)</u>
Balance carried forward to fiscal year 2023	<u>\$ -</u>
Set-aside balance June 30, 2022	<u><u>\$ -</u></u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

**NOTE 15 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be report 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</u>	<u>Year-End Encumbrances</u>
General	\$ 59,384
Nonmajor governmental funds	<u>26,753</u>
Total	<u>\$ 86,137</u>

**NOTE 16 - 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.



**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
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The management's discussion and analysis of New Riegel Local School District's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the cash-basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2021 are as follows:

- The total net position of the District increased \$380,991 or 10.04% from fiscal year 2020 net position.
- General receipts accounted for \$8,169,058 or 82.27% of total governmental activities receipts. Program specific receipts accounted for \$1,760,012 or 17.73% of total governmental activities receipts.
- The District had \$9,548,079 in disbursements related to governmental activities; \$1,760,012 of these disbursements were offset by program specific charges for services, grants or contributions. General receipts of \$8,169,058 were adequate to provide for these programs.
- The District's major funds are the General fund and the Classroom Facilities Maintenance fund. The General fund, the District's largest major fund, had total receipts of \$5,657,725 in 2021. The disbursements and other financing uses of the General fund, totaled \$5,438,546 in 2021. The General fund's balance increased \$219,179 or 7.50% from 2020.
- The Classroom Facilities Maintenance fund had total receipts of \$34,946 in 2021. The disbursements of the Classroom Facilities Maintenance fund totaled \$387 in 2021. The Classroom Facilities Maintenance fund's balance increased \$34,559 from 2020.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's cash basis of accounting.

The statement of net position - cash basis and statement of activities - cash basis provide information about the activities of the whole District, presenting an aggregate view of the District's cash basis 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 and the Classroom Facilities Maintenance fund are by far the most significant funds.

**Basis of Accounting**

The District has elected to present its financial statements on a cash basis of accounting. This cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipts and disbursement basis presentation in a statement of net position will be cash, cash equivalents and investments. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and cash equivalents. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Reporting the District as a Whole**

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

The statement of net position and statement of activities reflect how the District did financially during fiscal year 2021, within the limitations of the cash basis of accounting. The statement of net position presents the cash balances and investments of the governmental type activities of the District at the fiscal year end. The statement of activities compares cash disbursements with program receipts of each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of the particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's net cash position and the changes in cash position. Keeping in mind the limitations of the cash basis accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position in one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other nonfinancial factors as well such as the District's property tax base, the condition of the District's capital assets and infrastructure, the extent of the District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net position and statement of activities, the governmental activities include the District's programs and services including instruction, support services, operation of non-instructional services, extracurricular activities, facilities acquisition and construction and debt service.

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

***Fund Financial Statements***

Fund financial statements 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 funds are the General fund and the Classroom Facilities Maintenance fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at the year-end available for spending in future periods. The governmental fund financial statements provide a detailed 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 readily spent to finance various District programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in a single column.

***Proprietary Funds***

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for employee dental and vision self-insurance.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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MANAGEMENT'S DISCUSSION AND ANALYSIS  
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***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's only fiduciary fund is a custodial fund.

***Notes to the Financial Statements***

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

**The District as a Whole**

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

	<b>Net Position</b>	
	Governmental Activities 2021	Governmental Activities 2020
	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Equity in pooled cash and cash equivalents	\$ 4,177,436	\$ 3,796,445
<u>Net Position</u>		
Restricted	\$ 911,592	\$ 811,817
Unrestricted	<u>3,265,844</u>	<u>2,984,628</u>
Total net position	<u>\$ 4,177,436</u>	<u>\$ 3,796,445</u>

The total net position of the District increased \$380,991 which represents an 10.04% increase from fiscal year 2020 net position. The balance of government-wide unrestricted net position of \$3,265,844 may be used to meet the government's ongoing obligations to citizens and creditors.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
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**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(UNAUDITED)**

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

	<b>Change in Net Position</b>	
	Governmental Activities	Governmental Activities
	<u>2021</u>	<u>2020</u>
<b>Receipts:</b>		
Program receipts:		
Charges for services and sales	\$ 1,062,668	\$ 1,266,974
Operating grants and contributions	660,321	359,425
Capital grants and contributions	<u>37,023</u>	<u>-</u>
Total program receipts	<u>1,760,012</u>	<u>1,626,399</u>
General receipts:		
Property taxes	1,319,747	1,246,156
Income tax	809,428	775,159
Unrestricted grants	2,439,704	2,405,123
Investment earnings	24,392	60,730
Miscellaneous	106,361	79,232
Issuance of Refunding		
Certificate of Participation	3,330,000	-
Premium on Certificate of Participation Refunding	<u>139,426</u>	<u>-</u>
Total general receipts	<u>8,169,058</u>	<u>4,566,400</u>
Total receipts	<u>\$ 9,929,070</u>	<u>\$ 6,192,799</u>

(Continued)

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

**Change in Net Position (Continued)**

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
<b>Disbursements:</b>		
Instruction:		
Regular	\$ 2,784,069	\$ 2,647,916
Special	493,715	429,538
Vocational	22,046	10,240
Other	31,671	32,754
Support services:		
Pupil	229,231	202,345
Instructional staff	291,450	207,993
Board of education	46,573	55,503
Administration	397,406	378,285
Fiscal	228,084	195,212
Operations and maintenance	567,771	519,038
Pupil transportation	257,289	268,659
Food service operations	156,893	151,204
Other non instructional services	12,033	1,179
Extracurricular activities	273,641	322,543
Facilities acquisition and construction	17,418	23,665
Debt service:		
Principal retirement	150,498	133,322
Interest and fiscal charges	75,260	125,042
Refunding debt issuance costs	128,722	-
Accreted interest on CABs	43,643	41,358
Payment to refunding debt escrow agent	<u>3,340,666</u>	<u>-</u>
Total disbursements	<u>9,548,079</u>	<u>5,745,796</u>
Change in net position	380,991	447,003
Net position at beginning of year	<u>3,796,445</u>	<u>3,349,442</u>
Net position at end of year	<u>\$ 4,177,436</u>	<u>\$ 3,796,445</u>

**Governmental Activities**

Net position increased by \$380,991 in 2021. Total governmental disbursements of \$9,548,079 were offset by program receipts of \$1,760,012 and general receipts of \$8,169,058. Program receipts supported 18.43% of the total governmental disbursements.

Other than the issuance of debt the primary sources of receipts for 2021 are derived from property taxes, income taxes, and grants and entitlements. These receipt sources represent 46.02% of total governmental receipts. Real estate property is reappraised every six years.

During 2021, the District issued certificates of participation in the amount of \$3,330,000 that were used to refund the series 2017 certificates of participation in the amount of \$3,285,000.

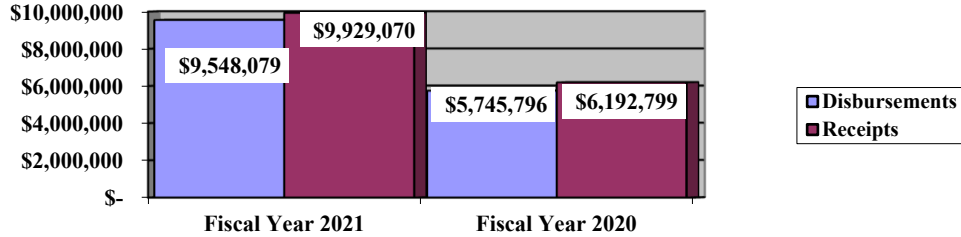
**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

The largest disbursement of the District is for instructional programs. These disbursements totaled \$3,331,501 or 34.89% of total governmental disbursements for fiscal year 2021.

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

**Governmental Activities - Total Receipts vs. Total Disbursements**



The statement of activities shows the cost of program services and the charges for services and grants off setting 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.

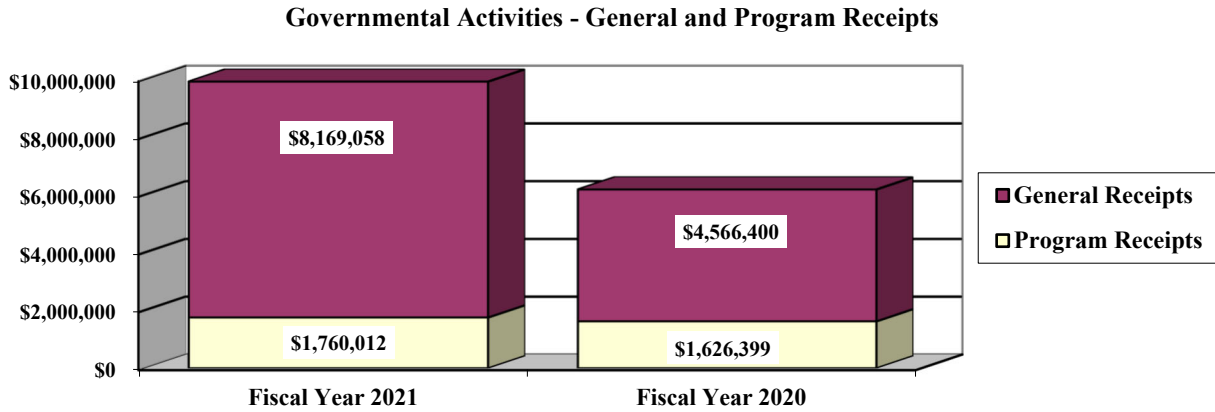
	<b>Governmental Activities</b>			
	Total Cost of	Net Cost of	Total Cost of	Net Cost of
	Services 2021	Services 2021	Services 2020	Services 2020
<b>Disbursements:</b>				
Instruction:				
Regular	\$ 2,784,069	\$ 1,987,437	\$ 2,647,916	\$ 1,772,762
Special	493,715	168,691	429,538	104,799
Vocational	22,046	20,132	10,240	8,326
Other	31,671	1,186	32,754	4,875
Support services:				
Pupil	229,231	138,568	202,345	148,236
Instructional staff	291,450	197,408	207,993	202,837
Board of education	46,573	46,573	55,503	55,503
Administration	397,406	397,406	378,285	378,285
Fiscal	228,084	224,567	195,212	195,212
Operations and maintenance	567,771	502,945	519,038	496,107
Pupil transportation	257,289	190,447	268,659	261,103
Food service operations	156,893	(13,938)	151,204	20,412
Other non instructional services	12,033	640	1,179	1,179
Extracurricular activities	273,641	169,798	322,543	146,374
Facilities acquisition and construction	17,418	17,418	23,665	23,665
Debt service:				
Principal retirement	150,498	150,498	133,322	133,322
Interest and fiscal charges	75,260	75,260	125,042	125,042
Refunding debt issuance costs	128,722	128,722	-	-
Accreted interest on CABs	43,643	43,643	41,358	41,358
Payment to refunding debt escrow agent	3,340,666	3,340,666	-	-
<b>Total</b>	<u>\$ 9,548,079</u>	<u>\$ 7,788,067</u>	<u>\$ 5,745,796</u>	<u>\$ 4,119,397</u>

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

The dependence upon general receipts for instructional activities is apparent; with 65.36% of disbursements supported through taxes and other general receipts during 2021. For all governmental activities, general receipts support is 81.57%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, are the primary support of the District's students.

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



**The District's Funds**

The District's governmental funds reported a combined fund cash balance of \$4,151,877, which is \$389,892 higher than last year's fund balance of \$3,761,985. The schedule below indicates the fund cash balance and the total change in fund cash balance as of June 30, 2021 and June 30, 2020, for all major and nonmajor governmental funds.

	Fund Balance <u>June 30, 2021</u>	Fund Balance <u>June 30, 2020</u>	<u>Change</u>
General fund	\$ 3,143,279	\$ 2,924,100	\$ 219,179
Classroom facilities fund	581,222	546,663	34,559
Other governmental funds	427,376	291,222	136,154
Total	<u>\$ 4,151,877</u>	<u>\$ 3,761,985</u>	<u>\$ 389,892</u>

**General Fund**

The General fund, the District's largest major fund, had total receipts of \$5,657,725 in 2021. The disbursements and other financing uses of the General fund totaled \$5,438,546 in 2021. The General fund's balance increased \$219,179 or 7.50% from 2020 fund balance.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

The table that follows assists in illustrating the receipts of the General fund.

	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<b><u>Receipts:</u></b>			
Taxes	\$ 2,058,999	\$ 1,937,211	6.29 %
Tuition and fees	940,555	993,041	(5.29) %
Earnings on investments	24,392	52,481	(53.52) %
Other local revenues	122,024	113,419	7.59 %
Intergovernmental	<u>2,511,755</u>	<u>2,471,731</u>	1.62 %
Total	<u>\$ 5,657,725</u>	<u>\$ 5,567,883</u>	1.61 %

During 2021, tuition revenue decreased due to a decrease in open enrollment tuition. Earnings on investments decreased during 2021 due to a decrease in interest rates as a result of the COVID-19 pandemic. All other revenue remained comparable to 2020.

The table that follows assists in illustrating the disbursements of the General fund.

	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<b><u>Disbursements:</u></b>			
Instruction	\$ 3,157,891	\$ 2,872,533	9.93 %
Support services	1,754,725	1,665,711	5.34 %
Operation of non-instructional	-	1,179	(100.00) %
Extracurricular activities	168,863	196,913	(14.24) %
Facilities acquisition and construction	17,418	-	100.00 %
Debt service	<u>11,206</u>	<u>6,112</u>	83.34 %
Total	<u>\$ 5,110,103</u>	<u>\$ 4,742,448</u>	7.75 %

Extracurricular activities disbursements decreased due to having limited extracurriculars during the 2021 as a result of the COVID-19 pandemic. Facilities acquisition and construction increased in 2021 due to the District purchasing capital related assets out of the General fund. All other disbursements remained comparable to 2020.

***Classroom Facilities Maintenance Fund***

The Classroom Facilities Maintenance fund had total receipts of \$34,946 in 2021. The disbursements of the Classroom Facilities Maintenance fund totaled \$387 in 2021. The Classroom Facilities Maintenance fund's balance increased \$34,559 from 2020.

***Budgeting Highlights - General Fund***

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

For the General fund, the original and final budgeted receipts and other financing sources were both \$5,366,631. The actual receipts and other financing sources of \$5,702,091 were \$335,460 higher than final and original budgeted receipts and other financing sources. The final budgeted disbursements and other financing uses of \$5,736,436 were \$75,000 higher than the original budgeted disbursements and other financing uses of \$5,661,436. The actual disbursements and other financing uses of \$5,619,711 were \$116,725 lower than the final budgeted disbursements and other financing uses of \$5,736,436.



**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

**Capital Assets and Debt Administration**

***Capital Assets***

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. Facilities acquisition and construction disbursements in fiscal year 2021 amounted to \$17,418.

***Debt Administration***

The District had the following long-term obligations outstanding at June 30, 2021 and 2020:

	<u>Governmental Activities 2021</u>	<u>Governmental Activities 2020</u>
Series 2011 bond refunding		
Term Bonds	\$ 195,000	\$ 195,000
Capital Appreciation Bonds	-	16,357
Accreted Interest on CABs	-	39,847
2017 Certificate of Participation	-	3,400,000
2020 Refunding Certificate of Participation	3,320,000	-
Capital lease obligation	<u>40,029</u>	<u>49,170</u>
Total long-term obligations	<u>\$ 3,555,029</u>	<u>\$ 3,700,374</u>

**Current Financial Related Activities**

The District has carefully managed its General Fund in order to optimize the dollars available for educating its students.

The District's local funding includes a continuing .75% income tax and an additional 5 year, .75% income tax. The additional .75% income tax became effective January 1, 2007. A renewal levy for this .75% income was approved by the voters in 2010, 2015 and 2020. This levy will expire 12/31/2026. Our district's real estate tax effective rate is 22.35 mills. Our district is extremely fortunate to have strong support from our local community.

The 2022-23 state budget bases school funding on the new Fair School Funding Plan (FSFP). The components of the FSFP will greatly impact our state funding. Most significantly students will be funded where they are educated as opposed to where they reside. As the Ohio Department of Education develop the new funding formulas we will stay abreast of the changes and utilize our state funding to best serve our students. Preliminary simulations have our district benefitting from the new funding formulas.

The Board of Education issued Certificates of Participation in 2017 and refinanced them in 2020. The issue was necessary because of extensive repairs needed on our K-12 school building costing \$4,747,700. The repayment of these bonds are a General fund expenditure averaging \$201,600 a year, maturing in 2041.

We have received several federal grants due to COVID-19. As required we are using these grants to mitigate the effects of COVID-19 on our school district. Expenditures include cleaning supplies, supplanting the loss of revenue in the cafeteria and athletic departments, student social/emotional supports and learning loss supports.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

Our District continues to strive to best utilize the resources available to us. It is imperative that the District's Board and management team continue to carefully and prudently plan in order to provide the resource required to meet the student's desired needs over the next several years. It is always our goal to provide "a quality education in a small school setting".

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Brad Radison, Treasurer, New Riegel Local School District, 44 North Perry Street, New Riegel, Ohio 44853-0207.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF NET POSITION - CASH BASIS  
JUNE 30, 2021

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 4,177,436
<b>Net position:</b>	
Restricted for:	
Classroom facilities maintenance	\$ 581,222
Debt service	100,786
State funded programs	107,101
Food service operations	30,244
Student activities	88,182
Other purposes	4,057
Unrestricted	3,265,844
Total net position	\$ 4,177,436

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction:					
Regular	\$ 2,784,069	\$ 775,906	\$ 20,726	\$ -	\$ (1,987,437)
Special	493,715	164,649	160,375	-	(168,691)
Vocational	22,046	-	1,914	-	(20,132)
Other	31,671	-	30,485	-	(1,186)
Support services:					
Pupil	229,231	-	90,663	-	(138,568)
Instructional staff	291,450	-	94,042	-	(197,408)
Board of education	46,573	-	-	-	(46,573)
Administration	397,406	-	-	-	(397,406)
Fiscal	228,084	-	3,517	-	(224,567)
Operations and maintenance	567,771	1,480	63,346	-	(502,945)
Pupil transportation	257,289	10,307	19,512	37,023	(190,447)
Operation of non-instructional services:					
Food service operations	156,893	24,499	146,332	-	13,938
Other non-instructional services	12,033	-	11,393	-	(640)
Extracurricular activities	273,641	85,827	18,016	-	(169,798)
Facilities acquisition and construction	17,418	-	-	-	(17,418)
Debt service:					
Principal retirement	150,498	-	-	-	(150,498)
Interest and fiscal charges	75,260	-	-	-	(75,260)
Accreted interest on CABs	43,643	-	-	-	(43,643)
Refunding debt issuance costs	128,722	-	-	-	(128,722)
Payment to refunding debt escrow agent	3,340,666	-	-	-	(3,340,666)
<b>Total governmental activities</b>	<b>\$ 9,548,079</b>	<b>\$ 1,062,668</b>	<b>\$ 660,321</b>	<b>\$ 37,023</b>	<b>\$ (7,788,067)</b>

**General Receipts:**

Property taxes levied for:	
General purposes	1,249,571
Special revenue	17,765
Debt service	52,411
School district income tax	809,428
Grants and entitlements not restricted to specific programs	2,439,704
Investment earnings	24,392
Miscellaneous	106,361
Issuance of refunding certificates of participation	3,330,000
Premium on certificates of participation refunding	139,426
<b>Total general receipts</b>	<b>8,169,058</b>
Change in net position	380,991
<b>Net position at beginning of year</b>	<b>3,796,445</b>
<b>Net position at end of year</b>	<b>\$ 4,177,436</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	<u>General</u>	<u>Classroom Facilities Maintenance</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents	\$ 3,143,279	\$ 581,222	\$ 427,376	\$ 4,151,877
<b>Fund balances:</b>				
Restricted:				
Debt service	\$ -	\$ -	\$ 100,786	\$ 100,786
Classroom facilities maintenance	-	581,222	-	581,222
Food service operations	-	-	30,244	30,244
State funded programs	-	-	18,915	18,915
Extracurricular	-	-	88,182	88,182
Student wellness and success	-	-	88,186	88,186
Other purposes	-	-	4,057	4,057
Committed:				
Termination benefits	48,875	-	-	48,875
Assigned:				
Student instruction	18,499	-	-	18,499
Student and staff support	94,492	-	-	94,492
Public school support	19,185	-	-	19,185
Capital improvements	-	-	97,006	97,006
Unassigned	2,962,228	-	-	2,962,228
Total fund balances	<u>\$ 3,143,279</u>	<u>\$ 581,222</u>	<u>\$ 427,376</u>	<u>\$ 4,151,877</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

<b>Total governmental fund balances</b>	\$ 4,151,877
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.	<u>25,559</u>
<b>Net position of governmental activities</b>	<u><u>\$ 4,177,436</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES- CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Classroom Facilities Maintenance</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>				
From local sources:				
Property taxes	\$ 1,249,571	\$ 17,765	\$ 52,411	\$ 1,319,747
Income taxes	809,428	-	-	809,428
Intergovernmental	2,511,755	13,664	606,332	3,131,751
Investment earnings	24,392	3,517	11	27,920
Tuition and fees	940,555	-	-	940,555
Extracurricular	14,243	-	81,891	96,134
Rental income	1,480	-	-	1,480
Charges for services	-	-	24,499	24,499
Contributions and donations	325	-	1,505	1,830
Miscellaneous	105,976	-	324	106,300
Total receipts	<u>5,657,725</u>	<u>34,946</u>	<u>766,973</u>	<u>6,459,644</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular	2,713,851	-	31,981	2,745,832
Special	420,808	-	69,730	490,538
Vocational	22,046	-	-	22,046
Other	1,186	-	30,485	31,671
Support services:				
Pupil	192,654	-	34,988	227,642
Instructional staff	194,952	-	94,042	288,994
Board of education	46,573	-	-	46,573
Administration	394,229	-	-	394,229
Fiscal	224,954	387	1,154	226,495
Operations and maintenance	494,032	-	71,462	565,494
Pupil transportation	207,331	-	46,759	254,090
Operation of non-instructional services:				
Food service operations	-	-	156,893	156,893
Other non-instructional services	-	-	12,033	12,033
Extracurricular activities	168,863	-	104,778	273,641
Facilities acquisition and construction	17,418	-	-	17,418
Debt service:				
Principal retirement	9,141	-	141,357	150,498
Interest and fiscal charges	2,065	-	73,195	75,260
Refunding debt issuance costs	-	-	128,722	128,722
Accreted interest on CABs	-	-	43,643	43,643
Total disbursements	<u>5,110,103</u>	<u>387</u>	<u>1,041,222</u>	<u>6,151,712</u>
Excess of receipts over (under) disbursements	<u>547,622</u>	<u>34,559</u>	<u>(274,249)</u>	<u>307,932</u>
<b>Other financing sources (uses):</b>				
Premium on certificates of participation refunding	-	-	139,426	139,426
Issuance of refunding certificates of participation	-	-	3,330,000	3,330,000
Transfers in	-	-	281,643	281,643
Transfers (out)	(328,443)	-	-	(328,443)
Payment to refunding debt escrow agent	-	-	(3,340,666)	(3,340,666)
Total other financing sources (uses)	<u>(328,443)</u>	<u>-</u>	<u>410,403</u>	<u>81,960</u>
Net change in fund balances	219,179	34,559	136,154	389,892
<b>Fund balances at beginning of year</b>	<u>2,924,100</u>	<u>546,663</u>	<u>291,222</u>	<u>3,761,985</u>
<b>Fund balances at end of year</b>	<u>\$ 3,143,279</u>	<u>\$ 581,222</u>	<u>\$ 427,376</u>	<u>\$ 4,151,877</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS - CASH BASIS  
TO THE STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

<b>Net change in fund balances - total governmental funds</b>	\$	389,892
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund disbursements and the related internal service fund receipts are eliminated. The net receipts (disbursements) of the internal service fund is allocated among the governmental activities.		<u>(8,901)</u>
<b>Change in net position of governmental activities</b>	\$	<u>380,991</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
From local sources:				
Property taxes	\$ 1,249,000	\$ 1,249,000	\$ 1,249,571	\$ 571
Income taxes	697,700	697,700	809,428	111,728
Intergovernmental	2,259,431	2,259,431	2,511,755	252,324
Investment earnings	42,000	42,000	24,392	(17,608)
Tuition and fees	991,000	991,000	940,555	(50,445)
Extracurricular	11,000	11,000	11,000	-
Rental income	1,000	1,000	1,480	480
Contributions and donations	-	-	100	100
Miscellaneous	65,100	65,100	96,429	31,329
Total receipts	<u>5,316,231</u>	<u>5,316,231</u>	<u>5,644,710</u>	<u>328,479</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular	2,607,018	2,682,018	2,732,817	(50,799)
Special	455,118	455,118	420,808	34,310
Vocational	29,100	29,100	30,545	(1,445)
Other	4,578	4,578	1,186	3,392
Support services:				
Pupil	206,500	206,500	192,654	13,846
Instructional staff	341,513	341,513	196,531	144,982
Board of education	59,506	59,506	47,378	12,128
Administration	395,495	395,495	395,301	194
Fiscal	226,727	226,727	228,144	(1,417)
Operations and maintenance	560,300	560,300	571,931	(11,631)
Pupil transportation	237,563	237,563	217,407	20,156
Extracurricular activities	176,900	176,900	162,982	13,918
Facilities acquisition and construction	17,418	17,418	17,418	-
Total disbursements	<u>5,317,736</u>	<u>5,392,736</u>	<u>5,215,102</u>	<u>177,634</u>
Excess of receipts over (under) disbursements	<u>(1,505)</u>	<u>(76,505)</u>	<u>429,608</u>	<u>506,113</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures	-	-	6,981	6,981
Transfers in	50,400	50,400	50,400	-
Transfers (out)	<u>(343,700)</u>	<u>(343,700)</u>	<u>(404,609)</u>	<u>(60,909)</u>
Total other financing sources (uses)	<u>(293,300)</u>	<u>(293,300)</u>	<u>(347,228)</u>	<u>(53,928)</u>
Net change in fund balance	(294,805)	(369,805)	82,380	452,185
<b>Unencumbered fund balance at beginning of year</b>	2,733,962	2,733,962	2,733,962	-
<b>Prior year encumbrances appropriated</b>	145,886	145,886	145,886	-
<b>Unencumbered fund balance at end of year</b>	<u>\$ 2,585,043</u>	<u>\$ 2,510,043</u>	<u>\$ 2,962,228</u>	<u>\$ 452,185</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)  
CLASSROOM FACILITIES MAINTENANCE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
From local sources:				
Property taxes	\$ 17,444	\$ 17,444	\$ 17,765	\$ 321
Intergovernmental	14,180	14,180	13,664	(516)
Investment earnings	6,200	6,200	3,517	(2,683)
Total receipts	<u>37,824</u>	<u>37,824</u>	<u>34,946</u>	<u>(2,878)</u>
<b>Disbursements:</b>				
Current:				
Support services:				-
Fiscal	1,000	1,000	387	613
Operations and maintenance	99,000	99,000	-	99,000
Total disbursements	<u>100,000</u>	<u>100,000</u>	<u>387</u>	<u>99,613</u>
Net change in fund balance	(62,176)	(62,176)	34,559	96,735
<b>Unencumbered fund balance at beginning of year</b>	546,663	546,663	546,663	-
<b>Unencumbered fund balance at end of year</b>	<u>\$ 484,487</u>	<u>\$ 484,487</u>	<u>\$ 581,222</u>	<u>\$ 96,735</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY

STATEMENT OF NET POSITION - CASH BASIS  
PROPRIETARY FUND  
JUNE 30, 2021

	<u>Governmental Activities - Internal Service Fund</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 25,559
<b>Net position:</b>	
Unrestricted	<u>\$ 25,559</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN NET POSITION - CASH BASIS  
PROPRIETARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating receipts:</b>	
Charges for services	\$ 7,402
<b>Operating disbursements:</b>	
Claims	63,103
Operating (loss)	(55,701)
Transfer in	46,800
Change in net position	(8,901)
<b>Net position at beginning of year</b>	<b>34,460</b>
<b>Net position at end of year</b>	<b>\$ 25,559</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS  
FIDUCIARY FUND  
JUNE 30, 2021

	<u>Custodial</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 8,842
<b>Net position:</b>	
Held for individuals	<u>\$ 8,842</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - CASH BASIS  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Custodial</u>
<b>Additions:</b>	
Amounts collected for individuals	\$ 44,838
<b>Deductions:</b>	
Amounts distributed on behalf of individuals	48,172
Change in net position	(3,334)
<b>Net position at beginning of year</b>	<u>12,176</u>
<b>Net position at end of year</b>	<u>\$ 8,842</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY**

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

**NOTE 1 - REPORTING ENTITY**

New Riegel Local School District (the District) is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The District provides educational services as authorized by State and Federal guidelines.

The District was established in 1841 through the consolidation of existing land areas and school districts. The District serves an area approximately 30 square miles. It is located in Seneca County and includes the entire Village of New Riegel. It is staffed by 26 classified employees, 33 certified teaching personnel and 4 administrative employees who provide services to 451 students in grades K through 12 and other community members. The District currently operates one elementary, one middle school and one comprehensive high school.

The reporting entity is composed of the primary government and other organizations that are included to insure the financial statements are not misleading.

**A. Primary Government**

The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

**B. Component Units**

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 governments financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units.

**C. Other Organizations**

The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association (NOECA)

The District is a participant in the NOECA, which is a computer consortium. NOECA is an association of forty-one public school districts formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

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

The NOECA Board of Directors consists of two representatives from each county in which participating school districts are located, the chairman of each of the operating committees, and a representative from the fiscal agent. Financial information can be obtained from Laurie Hille, who serves as Director, 219 Howard Drive, Sandusky, Ohio 44870.

Vanguard-Sentinel Technology and Career Centers

The Vanguard-Sentinel Technology and Career Centers is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Vanguard-Sentinel Technology and Career Centers at 1306 Cedar Street, Fremont, Ohio 43420.

Northwestern Ohio Educational Research Council, Inc. (NOERC)

The NOERC is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the NOERC, Box 456, Ashland, Ohio 44805.

Bay Area Council of Governments (BACG)

The BACG is a jointly governed organization. Members of the BACG consist of twenty-six school districts representing seven counties (Ottawa, Sandusky, Seneca, Erie, Huron, Wood, and Crawford). The BACG was formed for the purpose of purchasing goods and services at a lower cost. The items currently being purchased through the council of governments are natural gas and insurance. The only cost to the District is an administrative charge if they participate in purchasing through the BACG. The BACG consists of the superintendent of each participating school district. The Board of Directors of the BACG consist of one elected representative of each county, the superintendent of the fiscal agent, and two non-voting members (administrator and fiscal officer). Members of the Board serve staggered two-year terms. The District paid \$13,883 during fiscal year 2021 for natural gas. Financial information is available from the North Point Educational Service Center (fiscal agent), at 4918 Milan Road, Sandusky, Ohio 44870.

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in a group program for workers' compensation as established in Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association (OSBA) Workers' Compensation Group Rating Program (GRP) was established as an insurance purchasing pool. The GRP is governed by a three-member Board of Directors. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program. Refer to Note 11.B. for further information on this group rating program.



**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

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

INSURANCE PURCHASING POOL

The Ohio School Plan

The School 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 member 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 an 11-member board consisting of individual representatives from various OSP members. The Hylant Group Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Hyre 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-Hyre Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

The District's management believes these financial statements present all activities for which the District is financially accountable.

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

As discussed in Note 2.A, these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

**A. Basis of Accounting**

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related receipts (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related disbursements (such as accounts payable and expenses for goods and services received, but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**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.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions typically are financed. The following are the District's major governmental funds:

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.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

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

Classroom Facilities Maintenance Fund - The Classroom Facilities Maintenance fund is used to account for the proceeds of a levy for the maintenance of facilities.

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 expenditure for principal and interest.

**PROPRIETARY FUND**

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's Internal Service fund:

Internal Service Fund: The Internal Service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis. The only Internal Service fund of the District accounts for a self-insurance program which provides dental and vision benefits to employees.

**FIDUCIARY FUNDS**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's custodial funds account for funds collected and distributed on behalf of the OHSAA and funds held for individuals within the District. The District does not have pension trust funds, private-purpose trust fund or investment trust funds.

**C. Basis of Presentation**

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal Service fund operating activity is eliminated to avoid overstatement of cash receipts and cash disbursements.

The government-wide statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the District.

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. The Internal Service fund is presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

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

**D. Budgetary Process**

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the fund level. Any budgetary modifications at this level may only be made by the Board of Education.

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

The appropriations resolution is subject to amendment throughout the year with the restrictions that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

**E. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. 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 2021, investments were limited to investments in the State Treasury Asset Reserve of Ohio (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 a NAV per share that approximates fair value.

For fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 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. By policy of the Board of Education, investment earnings are assigned to the fund from which the investment was made. Interest revenue credited to the General fund during fiscal year 2021 amounted to \$24,392, which includes \$3,147 assigned from other funds.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

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

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.

**F. Inventory and Prepaid Items**

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**G. Capital Assets**

Acquisitions of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**H. Accumulated Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting.

**I. Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes the disbursements for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 12 and 13, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**J. Long-Term Obligations**

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal payments.

**K. Fund Cash Balance**

The District reports classifications of fund balance based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally required to be maintained intact.

Restricted - amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, the Board of Education.

Assigned - amounts that are constrained by the District's intent to be used for specific purpose, but are neither restricted nor committed. Assigned amounts include those approved through the District's formal purchasing procedure by the Treasurer.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

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

Through the District's purchasing policy, the Board of Education has given the Treasurer the authority to constrain monies for intended purposes.

Unassigned - residual fund balance within the General fund that is in spendable form that is not restricted, committed, or assigned.

The District applies restricted resources first when an expense is incurred for purposes for which restricted and unrestricted fund balance is available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

**L. Net Position**

Net position is reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use.

The District applies restricted resources first when a disbursement is incurred for purposes for which both restricted and unrestricted cash are available.

**M. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as disbursements in the purchaser funds. Subsidies 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 disbursements to the funds that initially paid for them are not presented on the basic financial statements.

Interfund activity between governmental funds is eliminated in the statement of activities.

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

For purposes of measuring the net pension/OPEB liability and net OPEB asset, 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.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

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

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

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

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

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

**B. Compliance**

Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its basic financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying basic financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined, and various other administrative remedies may be taken against the District.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of receipts, disbursements and changes in fund balance - budget and actual (budgetary basis) presented for the General fund and Classroom Facilities Maintenance fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than a reservation of fund balance (cash).

The following table summarizes the adjustments necessary to reconcile the budgetary basis statement to the cash basis statement for the General fund and Classroom Facilities Maintenance fund:

**Net Change in Fund Balance**

	<u>General Fund</u>
Budget basis	\$ 82,380
Funds budgeted elsewhere **	23,808
Adjustment for encumbrances	112,991
Cash basis	\$ 219,179

\*\* As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General fund for financial reporting. This includes the Public-School Support fund and the Termination Benefits fund.

**NOTE 5 - 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.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing 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;
5. No-load money market mutual funds consisting exclusively of obligation 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;
6. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio).
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days and two-hundred-seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and
8. Under limited circumstance, corporate debt interest rate in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**A. Deposits with Financial Institutions**

At June 30, 2021, the carrying amount of all District deposits was \$4,004,124 and the bank balance of all District deposits was \$3,102,343. Of the bank balance, \$1,052,343 was covered by the FDIC and \$2,050,000 was covered by the Ohio Pooled Collateral System (OPCS).

Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School 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 School District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the 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 reduced rate set by the Treasurer of State. For fiscal year 2021, the District's financial institutions collateral rate through the OPCS was 102 percent. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

**B. Investments**

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

<u>Investment type</u>	<u>Net Asset Value</u>	<u>Investment Maturities 6 months or less</u>
STAR Ohio	\$ 182,154	\$ 182,154

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*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 rating agency. The District has no policy dealing with credit risk beyond the requirements of 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 investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.



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*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, 2021:

<u>Investment type</u>	<u>Net Asset Value</u>	<u>% of Total</u>
STAR Ohio	\$ 182,154	100.00

**C. Reconciliation of Cash 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, 2021:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,004,124
Investments	<u>182,154</u>
Total	<u>\$ 4,186,278</u>
<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 4,177,436
Custodial funds	<u>8,842</u>
Total	<u>\$ 4,186,278</u>

**NOTE 6 - INTERFUND TRANSACTIONS**

**Interfund transfers**

Interfund transfers for the year ended June 30, 2021, consisted of the following, as reported on the fund statements:

<u>Transfers from the General fund to:</u>	<u>Amount</u>
Internal service fund	\$ 46,800
Other nonmajor governmental funds	<u>281,643</u>
Total	<u>\$ 328,443</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to 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 on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

**NOTE 7 - 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.

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

Public utility property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected with real property taxes.

Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2021 (other than public utility property) generally represent the collection of calendar year 2019 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2020 were levied after October 1, 2019 on the value as of December 31, 2019. Amounts paid by multi-county taxpayers were due September 20, 2020. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2020, with the remainder payable by September 20, 2020.

The District receives property taxes from Seneca County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date tax bills are sent.

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

	2020 Second Half Collections		2021 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 49,018,050	85.20	\$ 48,511,130	85.54
Public utility personal	<u>8,516,900</u>	<u>14.80</u>	<u>8,201,450</u>	<u>14.46</u>
Total	<u>\$ 57,534,950</u>	<u>100.00</u>	<u>\$ 56,712,580</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$39.40		\$38.80	

**NOTE 8 – SCHOOL DISTRICT INCOME TAX**

The District levies a voted tax of three-quarters of one percent (0.75%) for general operations on the income of residents and of estates. The tax was effective on January 1, 1990, and is a continuing tax. An additional tax of three-quarters of one percent (0.75%) was passed by the voters on May 2, 2006. This additional tax was for a period of five years beginning January 1, 2007, for the purpose of current expenses. The levy was renewed by the voters on November 3, 2015 and will expire December 31, 2021. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return.

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The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General fund. Total income tax revenue for fiscal year 2021 equaled \$809,428.

**NOTE 9 - CAPITAL LEASE – LESSEE DISCLOSURE**

During a prior fiscal year, the District entered into a capitalized lease for copier equipment. This lease agreement meets the criteria of a capital lease, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. Principal and interest payments in fiscal year 2021 totaled \$9,141 and \$2,065, respectively, and were paid by the General fund.

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 13,244
2023	12,225
2024	12,225
2025	<u>6,112</u>
Total minimum lease payments	43,806
Less: amount representing interest	<u>(3,777)</u>
Total	<u>\$ 40,029</u>

**NOTE 10 - LONG-TERM OBLIGATIONS**

- A. Classroom Facilities Improvement Refunding Bonds - Series 2010 - On December 22, 2010, the District issued series 2010 classroom facilities improvement refunding bonds to refund the callable portion of the series 2001 general obligation bonds (principal \$680,000). Issuance proceeds totaling \$698,464 were deposited with an escrow agent.

This refunding issue is comprised of both current interest term bonds and capital appreciation bonds, in the amount of \$645,000 and \$34,999, respectively. The interest rate on the term bonds range from 1.20% to 3.80%. The bonds were issued for a thirteen year period, with final maturity during fiscal year 2024. The bonds will be retired through the bond retirement fund, a nonmajor governmental fund. The capital appreciation bonds matured December 1, 2019 and 2020 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. Both capital appreciation bonds bear an approximate compounding interest rate of 13.510%. The accreted value at maturity for both capital appreciation bonds is \$60,000 each.

The \$105,000 current interest term bonds matured on December 1, 2014, had an interest rate of 1.80% per year and were subject to mandatory sinking fund redemption on December 1, 2013 (Mandatory Redemption Date), in the principal amount of \$50,000 (with the balance of \$55,000 paid on December 1, 2014).

The \$115,000 current interest term bonds matured on December 1, 2016, had an interest rate of 2.30% per year and were subject to mandatory sinking fund redemption on December 1, 2015 (Mandatory Redemption Date), in the principal amount of \$55,000 (with the balance of \$60,000 paid on December 1, 2016).

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The \$120,000 current interest term bonds matured on December 1, 2018, had an interest rate of 2.90% per year and were subject to mandatory sinking fund redemption on December 1, 2017 (Mandatory Redemption Date), in the principal amount of \$60,000 (with the balance of \$60,000 paid on December 1, 2018).

The \$195,000 current interest term bonds maturing on December 1, 2023, shall bear interest at the rate of 3.80% per year and be subject to mandatory redemption requirements on December 1 in the years (Mandatory Redemption Dates) and in the principal amounts as follows (with the balance of \$65,000 to be paid at maturity on December 1, 2023).

<u>Year (December 1)</u>	<u>Amount</u>
2021	\$ 65,000
2022	65,000

*Certificates of Participation - Series 2017* - The series 2017 certificates of participation (COPs) were issued in fiscal year 2017 in the amount of \$3,705,000 for the purpose of constructing, improving, equipping and furnishing school facilities and improvements. The COPs had interest rates ranging from 3.0% to 4.0% and had a final maturity of December 1, 2041. The District paid \$115,000 and \$1,150 in principal and interest, respectively, during fiscal year 2021. The remaining principal balance of \$3,285,000 was refunded by the series 2020 COPs in fiscal year 2021.

*Refunding Certificates of Participation - Series 2020* - The series 2020 certificates of participation (COPs) were issued in fiscal year 2021 in the amount of \$3,330,000 for the purpose of refunding the series 2017 COPs which were issued for the purpose of constructing, improving, equipping, and furnishing school facilities and improvements. The COPs bear interest rates ranging from 2.0% to 3.0% and the final stated maturity is December 1, 2041.

The net present value savings of the current refunding was \$400,276. The issuance proceeds were used to purchase securities which were placed in escrow to provide resources for all future debt service payments on the refunded debt. \$3,340,667 was paid to the refunding escrow agent in fiscal year 2021 as part of the transaction.

Principal and interest requirements to retire the outstanding debt obligations at June 30, 2021, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Classroom Facilities Improvement Refunding Bonds - Series 2010</u>		
	<u>Current Interest Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 65,000	\$ 6,175	\$ 71,175
2023	65,000	3,705	68,705
2024	65,000	1,235	66,235
Total	<u>\$ 195,000</u>	<u>\$ 11,115</u>	<u>\$ 206,115</u>

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Fiscal Year Ending June 30,	Refunding Certificates of Participation - Series		
	2020		
	Principal	Interest	Total
2022	\$ 120,000	\$ 84,925	\$ 204,925
2023	120,000	81,325	201,325
2024	125,000	77,650	202,650
2025	125,000	73,900	198,900
2026	135,000	70,000	205,000
2027 - 2031	730,000	286,325	1,016,325
2032 - 2036	835,000	172,600	1,007,600
2037 - 2041	930,000	74,913	1,004,913
2042	200,000	2,250	202,250
Total	<u>\$ 3,320,000</u>	<u>\$ 923,888</u>	<u>\$ 4,243,888</u>

**B.** During fiscal year 2021, the following activity occurred in governmental activities long-term obligations:

	Balance Outstanding June 30, 2020	Additions	Reductions	Balance Outstanding June 30, 2021	Amounts Due in One Year
<b>Governmental activities:</b>					
Classroom facilities improvement refunding bonds, series 2010					
Current interest term bonds	\$ 195,000	\$ -	\$ -	\$ 195,000	\$ 65,000
Capital appreciation bonds (CABs)	16,357	-	(16,357)	-	-
Accreted interest on CAB's	39,847	3,796	(43,643)	-	-
Certificates of Participation, Series 2017	3,400,000	-	(3,400,000)	-	-
Refunding Certificates of Participation, Series 2020	-	3,330,000	(10,000)	3,320,000	120,000
Capital lease obligation	49,170	-	(9,141)	40,029	11,356
Total long-term obligations, governmental activities	<u>\$ 3,700,374</u>	<u>\$ 3,333,796</u>	<u>\$ (3,479,141)</u>	<u>\$ 3,555,029</u>	<u>\$ 196,356</u>

**C. 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 use in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2021, are a voted debt margin of \$5,009,918 (including available funds of \$100,786) and an unvoted debt margin of \$56,713.

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**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 2021, the District contracted the following insurance coverage:

Coverage provided by Ohio School Plan.

Building and Contents - replacement costs (\$1,000 deductible)	\$28,144,340
<u>Commercial Auto Coverage</u>	
Liability	6,000,000
Uninsured/Underinsured Motorist	250,000
Medical Payments	10,000
<u>General Liability</u>	
Bodily Injury and Property Damage	6,000,000
Products/Completed Operations	6,000,000
Personal Injury/Advertising Liability	6,000,000
Annual Aggregate	8,000,000
<u>Educators' Legal Liability</u>	
Each Wrongful Act	6,000,000
Annual Aggregate	8,000,000
Employee Benefits Liability (\$2,500 Deductible)	6,000,000

**B. Workers' Compensation**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 1.C.). The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. Sedgwick provides administrative, cost control and actuarial services to the GRP.

**C. Medical, Vision, and Dental Insurance**

The District elected to provide medical benefits to employees. The District pays a portion of the medical benefits' high deductible plan for employees. The plan is administered by Anthem and Custom Design Benefits.

The District offered vision and dental benefits to all employees through a self-insurance Internal Service fund. A comparison of self-insurance fund cash and cash equivalents to the actuarially measured liability as of June 30, 2021, is as follows:

	<u>Amount</u>
Cash reserves	\$ 118,711
Actuarial liabilities	37,625

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**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

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

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

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

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

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

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

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

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

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

The District's contractually required contribution to SERS was \$88,548 for fiscal year 2021.

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

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

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

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.



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A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

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

The District's contractually required contribution to STRS was \$346,632 for fiscal year 2021.

***Net Pension Liability***

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

Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.01881090%	0.01755247%	
Proportion of the net pension liability current measurement date	<u>0.02012980%</u>	<u>0.01783995%</u>	
Change in proportionate share	<u>0.00131890%</u>	<u>0.00028748%</u>	
Proportionate share of the net pension liability	\$ 1,331,427	\$ 4,316,633	\$ 5,648,060

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

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

***Actuarial Assumptions - SERS***

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

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

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

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

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

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

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

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

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

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 1,823,893	\$ 1,331,427	\$ 918,239

**Actuarial Assumptions - STRS**

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

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

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

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

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

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

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

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

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

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

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

	1% Decrease		Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 6,146,134	\$	4,316,633	\$ 2,766,283

**NOTE 13 - DEFINED BENEFIT OPEB PLANS**

*Net OPEB Liability/Asset*

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, prorated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was \$13,244.

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 \$13,244 for fiscal year 2021.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

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

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

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

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

***Net OPEB Liability/Asset***

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

Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.01924040%	0.01755247%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.02085600%</u>	<u>0.01783995%</u>	
Change in proportionate share	<u>0.00161560%</u>	<u>0.00028748%</u>	
Proportionate share of the net OPEB liability	\$ 453,269	\$ -	\$ 453,269
Proportionate share of the net OPEB asset	\$ -	\$ (313,537)	\$ (313,537)

***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.

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

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

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

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

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

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

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

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

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

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
	District's proportionate share of the net OPEB liability	\$ 554,790	\$ 453,269

	1% Decrease	Current Trend Rate	1% Increase
	District's proportionate share of the net OPEB liability	\$ 356,915	\$ 453,269

**Actuarial Assumptions - STRS**

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



**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

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

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

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

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

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

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

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:

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 272,797	\$ 313,537	\$ 348,103

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 345,957	\$ 313,537	\$ 274,044

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

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

**NOTE 14 - 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 a defendant.

**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, ODE adjustments for fiscal year 2021 have been finalized and resulted in a receivable to the District totaling \$91. The amount was not reported in the cash-basis financial statements.

**NOTE 15 - STATUTORY RESERVES**

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2020	\$ -
Current year set-aside requirement	77,533
Current year offsets	<u>(90,895)</u>
Total	<u>\$ (13,362)</u>
Balance carried forward to fiscal year 2022	<u>\$ -</u>
Set-aside balance June 30, 2021	<u>\$ -</u>

**NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY, OHIO**

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

**NOTE 16 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be report 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</u>	<u>Year-End Encumbrances</u>
General	\$ 113,251
Nonmajor governmental funds	<u>76,672</u>
Total	<u>\$ 189,923</u>

**NOTE 17 - COVID-19**

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

During fiscal year 2021, the District received \$48,241 as an on-behalf of grant from another government. These amounts are recorded in the coronavirus relief fund (a nonmajor governmental fund).

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

New Riegel Local School District  
Seneca County  
44 North Perry Street  
New Riegel, Ohio 44853-0207

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of New Riegel Local School District, Seneca County, Ohio (the District) as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 3, 2023, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles. In addition, 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 purposes 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-002 that we consider to be a significant deficiency.

***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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2022-001.

***District's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of findings. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

***Purpose of this Report***

This 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 3, 2023

NEW RIEGEL LOCAL SCHOOL DISTRICT  
SENECA COUNTY

SCHEDULE OF FINDINGS  
JUNE 30, 2022 AND 2021

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

FINDING NUMBER 2022-001

**Noncompliance**

**Ohio Rev. Code § 117.38** provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

**Ohio Admin. Code 117-2-03(B)**, which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumably material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District. To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

**Officials' Response:**

The Board feels we are saving the taxpayers money by not paying for a GAAP conversion which is required to follow generally accepted accounting principles. We are not planning on changing from reporting OCBOA GASB 34 look alike financial statements.

FINDING NUMBER 2022-002

**Significant Deficiency**

**Service Organization Accountability Deficiencies**

Sound accounting practices require public officials to design and operate a system of internal control that is adequate to provide reasonable assurance over the reliability of financial reporting, effectiveness and efficiency of operations, compliance with applicable laws and regulations, and safeguarding of assets against unauthorized acquisition, use or disposition.

The District has outsourced the processing of vision and dental self-insurance claims, which are a significant accounting function, to a third-party administrator. The District has not established procedures to determine whether this service organization has sufficient controls in place and operating effectively to reduce the risk that self-insurance claims have been completely and accurately processed in accordance with the contract. Attestation standard (AT-C 320) Reporting on an Examination of Controls at a Service Organization Relevant to User Entities' Internal Control Over Financial Reporting, prescribes standards for reporting on service organizations. An unmodified Type 2 Report on Management's Description of a Service Organization's System and a Service Auditor's Report on that Description and on the Suitability of the Design and Operating Effectiveness of Controls in accordance with AT-C 320 should provide the Government with reasonable assurance that self-insurance claim transactions conform to the contract.

While the Treasurer reviews the amounts paid by the third-party administrator and compares them to the related invoices, this did not provide sufficient assurance for claims disbursements. Claims disbursements of \$53,898 and \$63,103 in fiscal year 2022 and fiscal year 2021, respectively, were determined not to be quantitatively material to the financial statements. However, failing to ensure adequate controls are in place and operating effectively could result in errors occurring without detection.

The District should require a Type 2 SOC 1 report in its contract with the third-party administrator and should review the SOC 1 report timely. The report should follow the American Institute of Certified Public Accountants' Attestation Standards and be performed by a firm registered and in good standing with the Accountancy Board of the respective state. If the third-party administrator refuses to furnish the District with a Type 2 SOC 1 report, the District should contract with a third-party administrator that will provide this report.

**Officials' Response:**

The Board of Education and Administration discussed with Custom Design Benefits and our broker, Phelan Insurance the audit finding we received previously on this matter. Custom Design Benefits informed us they had plans to obtain a Type 2 SOC 1 report but postponed them because they recently updated technology which positively impacts the processes and procedures that are measured in the SOC audit process. Our broker informed us they are finding it very difficult to find a third party administrator who has the Type 2 SOC 1 certification who will service our small account. Because of this information, we will continue to utilize Custom Design Benefits as our third party administrator but will continue in conversation with them on the need for the Type 2 SOC 1 certification.



# *New Riegel Local Schools*

44 N. Perry Street  
New Riegel, Ohio 44853

High School Office 419-595-2256  
Elementary Office 419-595-2265  
Fax 419-595-2901

David Rombach, Superintendent  
419-595-2265, ext. 139  
drombach@newriegelschools.org

**BOARD MEMBERS**

Rodney Biggert  
Angel Bodart  
Jeff Hohman  
Beth Kummerer  
Jaclyn Schalk

Jane Schalk, Treasurer  
419-595-2256, ext. 140  
jschalk@newriegelschools.org

Justin Johnson, Principal  
419-595-2256, ext. 143  
jjohnson@newriegelschools.org

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS JUNE 30, 2022 AND 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Finding was first reported during the audit of the 2007 financial statements. Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(B) for reporting on a basis other than generally accepted accounting principles.	Not corrected. Repeated in this report as finding 2022-001.	The Board feels they are saving the tax payers money by not paying for a GAAP conversion which is required to follow generally accepted accounting principles. We are not planning on changing from reporting OCBOA GASB 34 look alike financial statements.
2020-002	Finding was first reported during the audit of the 2017-2018 financial statements. Material weakness due to service organization accountability deficiencies.	Not corrected. Repeated in this report as finding 2022-002.	This finding reoccurred due to inadequate policies and procedures over service organizations. The Board of Education and Administration discussed with Custom Design Benefits and our broker, Phelan Insurance, the audit finding we received previously on this matter. Custom Design Benefits informed us they had plans to obtain a Type 2 SOC 1 report but postponed them because they recently updated technology which positively impacts the processes and procedures that are measured in the SOC audit process. Our broker informed us they are finding it very difficult to find a third party administrator who has the Type 2 SOC 1 certification who will service our small account. Because of this information, we will continue to utilize Custom Design Benefits as our third party administrator but will continue in conversation with them on the need for the Type 2 SOC 1 certification.

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# OHIO AUDITOR OF STATE KEITH FABER



**NEW RIEGEL LOCAL SCHOOL DISTRICT**

**SENECA 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 1/17/2023**

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