

**WELLSVILLE LOCAL SCHOOL DISTRICT**  
COLUMBIANA COUNTY, OHIO

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2021**





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Board of Education  
Wellsville Local School District  
929 Center St.  
Wellsville, OH 43968

We have reviewed the *Independent Auditor's Report* of Wellsville Local School District, Columbiana County, prepared by Julian & Grube, Inc., for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

**Finding for Recovery 1:**

*State Teachers Retirement System Finding for Recovery's Partially Repaid/Resolved under Audit*

Ohio Rev. Code § 3307.26(A)(5) requires each teacher to contribute fourteen per cent of the teacher's earned compensation to the state teacher's retirement system.

Ohio Rev. Code § 3307.25 states that an individual shall make an election under this section and an election under this section takes effect on the date employment began and is irrevocable at the end of the election period.

Ohio Rev. Code § 3307.26(C) provides the contribution for all teachers shall be deducted by the employer on each payroll in an amount equal to the applicable per cent of the teachers' paid compensation for such payroll period or other period as the board may approve. All contributions on paid compensation for teachers shall be remitted at intervals required by the state teacher's retirement system.

Pursuant to Ohio Rev. Code § 3313.25, a school treasurer shall be liable when a loss of public funds results from the treasurer's negligence or other wrongful act. The (former) Treasurer repeatedly failed to withhold and remit payments pursuant to Ohio Rev. Code § 3307.26(C) for the period July 1, 2020 through June 30, 2021 to the state teacher's retirement system. In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against each employee for the amount listed in the chart below, (former) Treasurer, Nancy Francis, and the bonding company, Travelers Casualty and Surety Company of America, jointly and severally, and in favor of Wellsville LSD in the aggregate amount of \$17,717.

<b>STRS Employee</b>	<b>STRS Employee FFR (rounded)</b>	<b>Repayment Method Ck #, Payroll Deduction (PD), or Settlement Agreement (SA) with # payments</b>	<b>X=Repaid Y=Resolved Under Audit</b>
Allison, Melody K.	\$ 550		
Bayer, Nicklaus J.	273		
Bundy, Robin L.	261	PD 2/16/23	X
Bunfill, Aaron D.	323	PD 2/16/23	X
Camilletti, Nicole L.	359	SA 7	Y
Chronister, Sally A.	96	PD 2/16/23	X
Clemmer, Erin O.	174	PD 3/2/23	X
Clifton, Lindsay R.	118	PD 3/2/23	X
Craig, Candy L.	379	PD 2/16/23	X
Creamer, Corey M.	721	SA 12	Y
Daniels, Kathryn M.	199	PD 3/2/23	X
Earich, Cynthia K.	507	SA 13	Y
Elliott, Donald K.	726	Ck #3320 2/7/23	X
Ferguson, Lisa C.	140	Ck #478 2/1/23	X
Fogle, Julie L.	278	PD 3/2 and 3/16	X
Gheorghe, Valentina A.	275	PD 2/16/23	X
Griffith, Olivia G.	340	PD 2/16/23	X
Hackney, Alicia L.	349	SA 7	Y
Harris, James H.	509		
Householder, Shelbie T.	565	SA 6	Y
Jordan, Matthew E.	104	SA 4	Y
Kilpatrick, Alaina M.	166	Ck #895 2/6/23	X
Kinkead, Jonathan D.	725	SA 3	Y
Kirkbride, Ashley A.	185	PD 2/16/23	X
Klakos, Lori K.	279	PD 2/16/23	X
Kosek, Tracy M.	398	SA 4	Y
Kunselman, Levi J.	336		
Lora, Katey A.	320	PD 3/16/23	X
Lyle, Shannon N.	429	PD 3/2/23	X
McIntosh, Christa L.	311	PD 3/2/23	X
Munoz, Jessica L.	1305	SA 6	Y
Muschweck, Tammy L.	209	SA 4	Y
Palmer, Dale F.	174	PD 2/16/23	X
Pease, Stefanie K.	308	SA 26	Y
Prescott, Leah M.	304	SAR 6	Y

*Continued*

<b>STRS Employee</b>	<b>STRS Employee FFR (rounded)</b>	<b>Repayment Method Ck #, Payroll Deduction (PD), or Settlement Agreement (SA) with # payments</b>	<b>X=Repaid Y=Resolved Under Audit</b>
Prescott, Richard A.	140		
Reese, Valerie J.	335	PD 3/2/23	X
Reiner, Paula A.	289	PD 2/16/23	X
Ross, Maxine A.	174	PD 3/2/23	X
Schmidbauer, Heidi A.	174	PD 2/16/23	X
Shimmel, Joseph W.	453	PD 2/16/23	X
Skrinjar, Janelle A.	700	SA 26	Y
Smith, Sean E.	348	PD 2/16/23	X
Stanley, Sarah W.	177	SA 8	Y
Stoddard, Jenna M.	672	SA 12	Y
Sudvary, Coy M.	140	Ck #8127 3/16/23	Y
Swogger, Beth D.	106	PD 3/2/23	X
Turoczy, Matthew S.	66	PD 2/16/23	X
Wilcox, Carissa N.	513	SA 26	Y
Willison, Christine M.	330	SA 6	Y
Wilson, Emilee J.	405	SA 6	Y
<b>Total Employee FFR STRS owed</b>	<b>\$ 17,717</b>		

**Finding for Recovery 2**

*School Employees Retirement System Finding For Recovery's Partially Repaid/Resolved under Audit*

Ohio Rev. Code § 3309.47 states that each school employee's retirement system contributor shall contribute eight per cent of the contributor's compensation to the employees' savings fund, except that the school employee's retirement board may raise the contribution rate to a rate not greater than ten per cent of compensation. The contributions by the direction of the school employees retirement board shall be deducted by the employer from the compensation of each contributor on each payroll of such contributor for each payroll period and shall be an amount equal to the required per cent of such contributor's compensation.

Ohio Rev. Code § 3309.251 requires an individual who becomes a member of the school employee's retirement system to make an election under this section, and this election shall take effect on the date employment begins and is irrevocable.

Pursuant to Ohio Rev. Code § 3313.25, a school treasurer shall be liable when a loss of public funds results from the treasurer's negligence or other wrongful act. The (former) Treasurer repeatedly failed to withhold and remit payments pursuant to Ohio Rev. Code § 3309.47 for the period July 1, 2020 through June 30, 2021 to the school employee's retirement system. In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against each employee for the amount listed in the chart below, (former) Treasurer, Nancy Francis, and the bonding company, Travelers Casualty and Surety Company of America, jointly and severally, and in favor of Wellsville LSD in the aggregate amount of \$3,102.

<b>SERS Employee</b>	<b>SERS Employee FFR (rounded)</b>	<b>Repayment Method Ck #, Payroll Deduction (PD), or Settlement Agreement (SA) with # payments</b>	<b>X=Repaid Under Audit</b>
Althiser, Gary S.	\$ 112	Cash 3/16/23	X
Barrett, Robert P.	273	CK #7412 2/3/23	X
Bauer, Edward (estate)	75		
Bergert, Paul A.	124	PD 2/16/23	X
Clapper, Nancy A.	74	Ck #1068 2/24/23	X
Cooper, Lucas R.	151		
Dalrymple, Austin J.	112	Cash 3/10/23	X
Householder, Timothy M.	106	Ck #162 3/15/23	X
Jackson, Jesse L.	204	Ck #2475 2/24/23	X
Lamb, Amy J.	107		
McNicol, Rebecca S. (estate)	97		
Morrow, John R.	112	Cash 3/16/23	X
Roe, Geordon C.	1,127		
Russell, Emily N.	195		
Salsberry, Richard L.	112	Ck #3688 3/12/23	X
Woodyard, Kinsey N.	121		
<b>Total Employee FFR SERS Owed</b>	<b>\$ 3,102</b>		

### **Finding for Recovery 3**

#### *Credit Card Finance Charges and Late Fees Finding For Recovery Repaid Under Audit*

Governmental entities may not make expenditures of public monies unless they are for a valid public purpose. Ohio Attorney General Opinion 82-006 addresses the expenditure of funds for public purposes. State ex. rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) provides guidance as to what may be construed as a public purpose. There are two criteria that demonstrate whether an expenditure is for a public purpose. First, the expenditure is required for the general good of all inhabitants. As stated in McClure, "generally, a public purpose has for its objective the promotion of the public health, safety, morals, general welfare, security, prosperity, and contentment of all the inhabitants . . . ." Id. at 325. Second the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced.

During 2021, the District repeatedly incurred and paid credit card finance charges and late fees totaling \$225 and \$690, respectively, for a total amount of \$915.

Pursuant to Ohio Rev. Code § 3313.25, a school treasurer shall be liable when a loss of public funds results from the treasurer's negligence or other wrongful act. The School Treasurer, Nancy Francis, was responsible for making timely payments of credit card balances and the repeated failure to properly remit credit card payments is considered negligent.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Nancy Francis, School Treasurer, and her bonding company, Travelers Casualty and Surety Company of America, in the amount of \$915, and in favor of the Wellsville Local School District's General Fund.

Check #1138 in the amount of \$915 was received by the District on 2/2/23. Therefore, this finding for recovery has been repaid.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Wellsville Local School District is responsible for compliance with these laws and regulations.



Keith Faber  
Auditor of State  
Columbus, Ohio

**May 06, 2023**

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**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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## Independent Auditor's Report

Wellsville Local School District  
Columbiana County  
929 Center Street  
Wellsville, Ohio 43968

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wellsville Local School District, Columbiana County, Ohio, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Wellsville Local School District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Wellsville Local School District, Columbiana County, Ohio, as of June 30, 2021, and the respective changes in financial position, thereof and the budgetary comparison for the general fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As described in Note 20 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Wellsville Local School District. Our opinions are not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wellsville Local School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 5, 2022, on our consideration of the Wellsville Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Wellsville Local School 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 Wellsville Local School District's internal control over financial reporting and compliance.

*Julian & Grube, Inc.*

Julian & Grube, Inc.  
September 5, 2022

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

**Financial Highlights**

Key financial highlights for fiscal year 2021 are as follows:

- The District's net position of governmental activities decreased \$1,925,943 from 2020's net position.
- General revenues accounted for \$10,145,016 in revenue or 74.34% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,501,294 or 25.66% of total revenues of \$13,646,310.
- The District had \$15,572,253 in expenses related to governmental activities; only \$3,501,294 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$10,145,016 were inadequate to provide for these programs.
- The District's major governmental funds are the general fund and permanent improvement fund. The general fund had \$10,983,617 in revenues and \$12,280,513 in expenditures and other financing uses. During fiscal year 2021, the general fund's fund balance decreased \$1,296,896 from a balance of \$2,549,620 to a balance of \$1,252,724.
- The permanent improvement fund had \$682,388 in revenues and \$557,945 in expenditures. During fiscal year 2021, the permanent improvement fund's fund balance increased from a deficit of \$28,204 to a balance of \$96,239.

**Using the Basic Financial Statements**

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

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

**Reporting the District as a Whole**

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

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

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

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

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

***Fund Financial Statements***

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and permanent improvement 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 year-end available for spending in future periods. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements.

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented in the District's private-purpose trust funds. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. These activities are excluded from the District's other financial statements because the resources cannot be utilized by the District to finance its operations.

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

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

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position at June 30, 2021 and June 30, 2020.

	Net Position - Governmental Activities	
	2021	2020
<b><u>Assets</u></b>		
Current and other assets	\$ 4,531,525	\$ 5,839,135
Net OPEB asset	686,757	598,332
Capital assets, net	7,220,875	7,485,575
Total assets	12,439,157	13,923,042
<b><u>Deferred outflows of resources</u></b>		
Unamortized deferred charges	-	2,036
Pension	2,937,614	2,603,352
OPEB	525,219	399,248
Total deferred outflows	3,462,833	3,004,636
<b><u>Liabilities</u></b>		
Current liabilities	1,659,203	1,610,295
Long-term liabilities:		
Due within one year	251,998	717,325
Due in more than one year:		
Net pension liability	12,063,812	10,237,790
Net OPEB liability	885,474	955,175
Other amounts	2,088,215	2,292,393
Total liabilities	16,948,702	15,812,978
<b><u>Deferred inflows of resources</u></b>		
Property taxes	1,115,969	1,157,464
Pension	218,399	678,625
OPEB	1,267,833	1,001,581
Total deferred inflows	2,602,201	2,837,670
<b><u>Net position</u></b>		
Net investment in capital assets	5,420,034	4,850,803
Restricted	351,915	472,947
Unrestricted (deficit)	(9,420,862)	(7,046,720)
Total net position (deficit)	\$ (3,648,913)	\$ (1,722,970)

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

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

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

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

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

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

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

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

At year-end, capital assets represented 58.05% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. The District's net investment in capital assets at June 30, 2021 was \$5,420,034. These capital assets are used to provide services to the students and are not available for future spending. Although the District's net investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

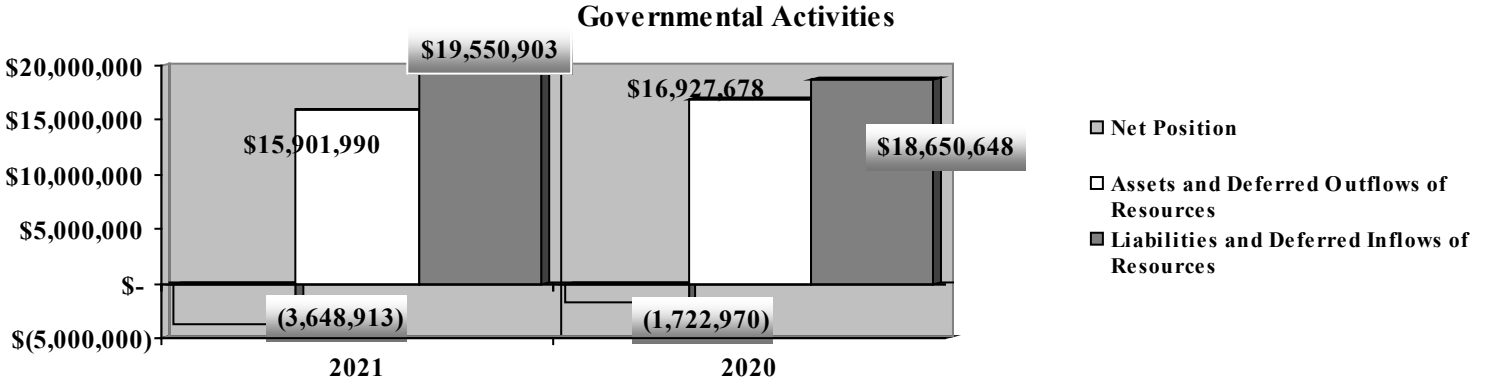
A portion of the District's net position, \$351,915 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$9,420,862.



**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

The graph below illustrates the District's governmental activities assets plus deferred outflows, liabilities plus deferred inflows and net position at June 30, 2021 and 2020.



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**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

	Change in Net Position - Governmental Activities	
	2021	2020
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,011,225	\$ 1,056,041
Operating grants and contributions	2,414,797	1,918,211
Capital grants and contributions	75,272	-
General revenues:		
Property taxes	1,261,856	1,279,655
Payments in lieu of taxes	500,000	500,000
Grants and entitlements	8,383,356	8,319,733
Investment earnings	(6,819)	85,849
Miscellaneous	6,623	15,566
Total revenues	<u>13,646,310</u>	<u>13,175,055</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	7,283,825	6,349,761
Special	2,420,729	2,167,854
Vocational	255,924	209,158
Support services:		
Pupil	812,808	625,672
Instructional staff	420,052	447,725
Board of education	39,716	34,239
Administration	1,042,300	989,909
Fiscal	301,208	370,879
Operations and maintenance	1,461,606	1,704,023
Pupil transportation	304,275	234,155
Central	94,344	95,236
Operation of non-instructional services:		
Food service operations	523,941	584,997
Other non-instructional services	22,238	36,270
Extracurricular activities	514,306	548,324
Interest and fiscal charges	74,981	106,936
Total expenses	<u>15,572,253</u>	<u>14,505,138</u>
Change in net position	(1,925,943)	(1,330,083)
Net position (deficit) at beginning of year	<u>(1,722,970)</u>	<u>(392,887)</u>
Net position (deficit) at end of year	<u>\$ (3,648,913)</u>	<u>\$ (1,722,970)</u>

**Governmental Activities**

Net position of the District's governmental activities decreased \$1,925,943. Total governmental expenses of \$15,572,253 were offset by program revenues of \$3,501,294 and general revenues of \$10,145,016. Program revenues supported 22.48% of the total governmental expenses.

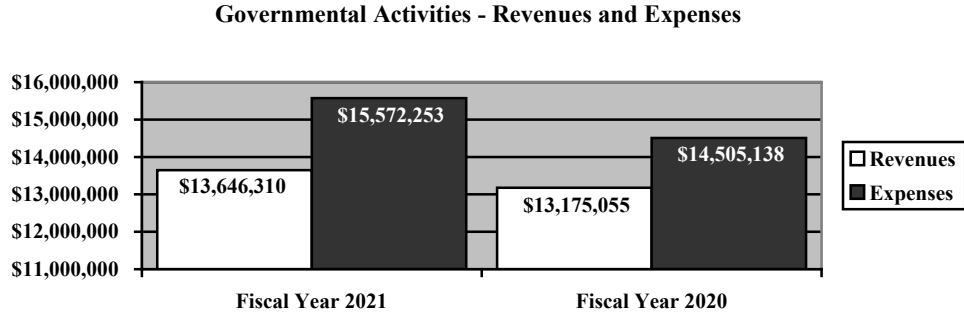
**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

Overall, expenses of the governmental activities increased \$1,067,115 or 7.36%.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 74.34% of total governmental revenue.

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



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.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

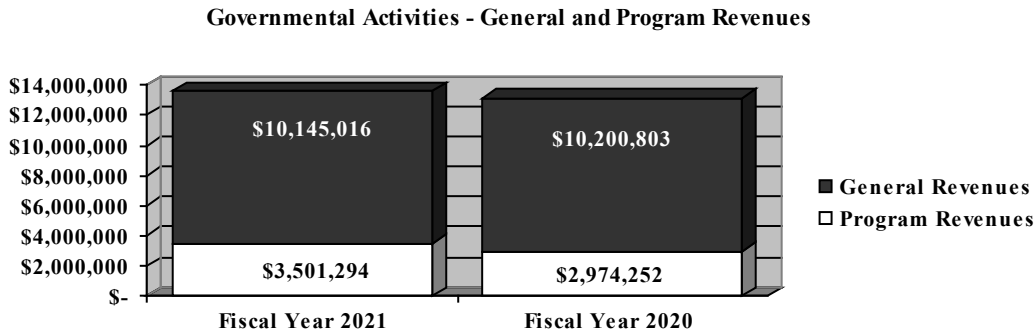
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
(UNAUDITED)

**Governmental Activities**

	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
<b>Program expenses</b>				
Instruction:				
Regular	\$ 7,283,825	\$ 6,126,268	\$ 6,349,761	\$ 5,601,277
Special	2,420,729	1,167,048	2,167,854	1,034,231
Vocational	255,924	241,871	209,158	195,105
Support services:				
Pupil	812,808	489,153	625,672	458,157
Instructional staff	420,052	316,680	447,725	268,970
Board of education	39,716	39,716	34,239	34,239
Administration	1,042,300	1,028,921	989,909	980,897
Fiscal	301,208	301,208	370,879	369,110
Operation and maintenance	1,461,606	1,430,872	1,704,023	1,700,538
Pupil transportation	304,275	227,072	234,155	234,155
Central	94,344	90,875	95,236	44,836
Operation of non-instructional services:				
Food service operations	523,941	81,432	584,997	103,440
Other non-instructional services	22,238	12,446	36,270	16,149
Extracurricular activities	514,306	442,416	548,324	382,846
Interest and fiscal charges	74,981	74,981	106,936	106,936
<b>Total expenses</b>	<b><u>\$ 15,572,253</u></b>	<b><u>\$ 12,070,959</u></b>	<b><u>\$ 14,505,138</u></b>	<b><u>\$ 11,530,886</u></b>

The dependence upon tax and other general revenues for governmental activities is apparent; 75.65% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 77.52%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are the primary support for District's students.

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



**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**The District's Funds**

The District's governmental funds reported a combined fund balance of \$1,457,105, which is less than last year's total of \$2,897,996. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2021 and 2020.

	Fund Balance June 30, 2021	Fund Balance (deficit) June 30, 2020	Change
General	\$ 1,252,724	\$ 2,549,620	\$ (1,296,896)
Permanent improvement	96,239	(28,204)	124,443
Nonmajor governmental	<u>108,142</u>	<u>376,580</u>	<u>(268,438)</u>
Total	<u>\$ 1,457,105</u>	<u>\$ 2,897,996</u>	<u>\$ (1,440,891)</u>

**General Fund**

The District's general fund balance decreased \$1,296,896.

The District's general fund revenues increased by \$102,690 or 0.94% during fiscal year 2021. Investment earnings decreased by \$85,250 due to decreases in fair value of investments in fiscal year 2021.

General fund total expenditures increased by \$984,666 or 8.78% during fiscal year 2021. This increase is primarily due to instruction expenditures increasing by \$957,272, or 13.33%. Instructional expenditures increased due to an increase in regular, special, and vocational expenditures. All other expenditures remained consistent with the prior year.

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

	2021 Amount	2020 Amount	Change	Percentage Change
<b><u>Revenues</u></b>				
Property taxes	\$ 1,097,816	\$ 1,045,867	\$ 51,949	4.97 %
Tuition and fees	905,746	856,970	48,776	5.69 %
Investment earnings	7,882	93,132	(85,250)	(91.54) %
Intergovernmental	8,964,528	8,865,809	98,719	1.11 %
Miscellaneous	<u>7,645</u>	<u>19,149</u>	<u>(11,504)</u>	<u>(60.08) %</u>
Total	<u>\$ 10,983,617</u>	<u>\$ 10,880,927</u>	<u>\$ 102,690</u>	<u>0.94 %</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 8,140,272	\$ 7,183,000	\$ 957,272	13.33 %
Support services	3,553,278	3,524,993	28,285	0.80 %
Other non-instructional services	11,881	9,199	2,682	29.16 %
Extracurricular activities	354,390	352,958	1,432	0.41 %
Facilities, acquisition and construction	-	5,005	(5,005)	(100.00) %
Debt Service	<u>138,192</u>	<u>138,192</u>	<u>-</u>	<u>- %</u>
Total	<u>\$ 12,198,013</u>	<u>\$ 11,213,347</u>	<u>\$ 984,666</u>	<u>8.78 %</u>

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

***General Fund Budgeting Highlights***

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

For the general fund, original and final budgeted revenues and other financing sources were \$9,736,967. Actual revenues and other financing sources for fiscal year 2021 amounted to \$11,056,767 a \$1,319,800 increase from the final budgeted revenues.

General fund original and final budgeted expenditures and other financing uses were \$12,228,743 and \$12,618,144, respectively. For fiscal 2021, the District's actual budgetary basis expenditures and other financing uses totaled \$12,074,068 and were \$544,076 less than in the final budget.

***Permanent Improvement Fund***

The permanent improvement fund had \$682,388 in revenues and \$557,945 in expenditures. During fiscal year 2021, the permanent improvement fund's fund balance increased \$124,443 from a deficit balance of \$28,204 to a balance of \$96,239.

***Capital Assets***

At the end of fiscal year 2021, the District had \$7,220,875 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in the governmental activities.

The following table shows June 30, 2021 balances compared to June 30, 2020.

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

	Governmental Activities	
	2021	2020
Land	\$ 375,450	\$ 375,450
Construction in progress	-	1,950,945
Land improvements	2,140,060	204,892
Building and improvements	4,269,177	4,577,992
Furniture and equipment	274,952	273,761
Vehicles	161,236	102,535
Total	\$ 7,220,875	\$ 7,485,575

The overall decrease in capital assets of \$264,700 is due to depreciation expense of \$422,704 exceeding capital outlays of \$158,004. See Note 8 to the basic financial statements for additional information regarding the District's capital assets.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

***Debt Administration***

At June 30, 2021, the District had \$1,800,841 in a capital lease and a lease purchase obligation. Of this total, \$189,442 is due within one year and \$1,611,399 is due in more than one year. The following table summarizes outstanding debt obligations at June 30, 2021 and June 30, 2020.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2021</u>	Governmental Activities <u>2020</u>
Refunding bond issue	\$ -	\$ 120,000
Capital lease	542,427	1,009,615
Lease purchase obligation	<u>1,258,414</u>	<u>1,342,730</u>
Total	<u>\$ 1,800,841</u>	<u>\$ 2,472,345</u>

See Note 10 to the basic financial statements for further detail on the District's debt administration.

**Current Financial Related Activities**

The District is located in a small rural community of approximately 3,400 in Eastern Ohio. The local economy has remained flat for several years. The District received a \$1,500,000 loan for building improvement at Nicholson Stadium (new turf and construction of a 4-lane track) constructed over the past several fiscal years.

**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. Questions concerning any of the information in this report or requests for additional information should be directed to Nancy Francis, who serves as Treasurer, Wellsville Local School District, 929 Center Street, Wellsville, Ohio 43968.

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**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2021

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 2,987,980
Receivables:	
Property taxes	1,317,840
Intergovernmental	216,213
Prepayments	6,220
Materials and supplies inventory	876
Inventory held for resale	2,396
Net OPEB asset	686,757
Capital assets:	
Nondepreciable capital assets	375,450
Depreciable capital assets, net	6,845,425
Capital assets, net	7,220,875
Total assets	12,439,157
<b>Deferred outflows of resources:</b>	
Pension	2,937,614
OPEB	525,219
Total deferred outflows of resources	3,462,833
<b>Liabilities:</b>	
Accounts payable	32,141
Accrued wages and benefits payable	1,321,729
Intergovernmental payable	82,244
Pension and postemployment benefits payable	202,514
Accrued interest payable	20,575
Long-term liabilities:	
Due within one year	251,998
Due in more than one year:	
Net pension liability	12,063,812
Net OPEB liability	885,474
Other amounts due in more than one year	2,088,215
Total liabilities	16,948,702
<b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year	1,115,969
Pension	218,399
OPEB	1,267,833
Total deferred inflows of resources	2,602,201
<b>Net position:</b>	
Net investment in capital assets	5,420,034
Restricted for:	
Capital projects	22,647
Classroom facilities maintenance	130,300
Debt service	19,609
State funded programs	68,771
Federally funded programs	38,652
Student activities	63,660
Other purposes	8,276
Unrestricted (deficit)	(9,420,862)
Total net position (deficit)	\$ (3,648,913)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
<b>Governmental activities:</b>					
Instruction:					
Regular	\$ 7,283,825	\$ 770,102	\$ 387,455	\$ -	\$ (6,126,268)
Special	2,420,729	146,984	1,106,697	-	(1,167,048)
Vocational	255,924	-	14,053	-	(241,871)
Support services:					
Pupil	812,808	-	323,655	-	(489,153)
Instructional staff	420,052	-	103,372	-	(316,680)
Board of education	39,716	-	-	-	(39,716)
Administration	1,042,300	2,022	11,357	-	(1,028,921)
Fiscal	301,208	-	-	-	(301,208)
Operations and maintenance	1,461,606	365	30,369	-	(1,430,872)
Pupil transportation	304,275	-	1,931	75,272	(227,072)
Central	94,344	-	3,469	-	(90,875)
Operation of non-instructional services:					
Food service operations	523,941	21,906	420,603	-	(81,432)
Other non-instructional services	22,238	-	9,792	-	(12,446)
Extracurricular activities	514,306	69,846	2,044	-	(442,416)
Interest and fiscal charges	74,981	-	-	-	(74,981)
<b>Totals</b>	<b>\$ 15,572,253</b>	<b>\$ 1,011,225</b>	<b>\$ 2,414,797</b>	<b>\$ 75,272</b>	<b>(12,070,959)</b>

**General revenues:**

Property taxes levied for:

General purposes	1,087,917
Debt service	12,226
Capital projects	157,245
Classroom facilities maintenance	4,468
Payments in lieu of taxes	500,000
Grants and entitlements not restricted to specific programs	8,383,356
Investment earnings	(6,819)
Miscellaneous	6,623
<b>Total general revenues</b>	<b>10,145,016</b>

Change in net position (1,925,943)

**Net position (deficit)**

**at beginning of year** (1,722,970)

**Net position (deficit) at end of year** \$ (3,648,913)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	<u>General</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents	\$ 2,388,654	\$ 218,178	\$ 381,148	\$ 2,987,980
Receivables:				
Property taxes	1,150,437	167,403	-	1,317,840
Intergovernmental	-	-	216,213	216,213
Prepayments	6,220	-	-	6,220
Materials and supplies inventory	-	-	876	876
Inventory held for resale	-	-	2,396	2,396
Due from other funds	175,689	-	-	175,689
Advances to other funds	131,109	-	-	131,109
Total assets	<u>\$ 3,852,109</u>	<u>\$ 385,581</u>	<u>\$ 600,633</u>	<u>\$ 4,838,323</u>
<b>Liabilities:</b>				
Accounts payable	\$ 29,740	\$ -	\$ 2,401	\$ 32,141
Accrued wages and benefits payable	1,169,986	-	151,743	1,321,729
Compensated absences payable	44,940	-	10,783	55,723
Intergovernmental payable	80,700	-	1,544	82,244
Pension and postemployment benefits payable	185,055	-	17,459	202,514
Due to other funds	-	-	175,689	175,689
Advance from other funds	-	131,109	-	131,109
Total liabilities	<u>1,510,421</u>	<u>131,109</u>	<u>359,619</u>	<u>2,001,149</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year	974,926	141,043	-	1,115,969
Delinquent property tax revenue not available	114,038	17,190	-	131,228
Intergovernmental revenue not available	-	-	132,872	132,872
Total deferred inflows of resources	<u>1,088,964</u>	<u>158,233</u>	<u>132,872</u>	<u>1,380,069</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory	-	-	876	876
Prepays	6,220	-	-	6,220
Unclaimed monies	320	-	-	320
Restricted:				
Debt service	-	-	19,609	19,609
Capital improvements	-	5,545	22,647	28,192
Classroom facilities maintenance	-	-	130,300	130,300
State funded programs	-	-	71,909	71,909
Federally funded programs	-	-	38,652	38,652
Extracurricular	-	-	63,660	63,660
Other purposes	-	-	7,956	7,956
Committed:				
Capital improvements	-	90,694	-	90,694
Other purposes	11,000	-	-	11,000
Assigned:				
Student instruction	1,297	-	-	1,297
Student and staff support	18,739	-	-	18,739
Facilities acquisition and construction	21	-	-	21
Subsequent year's appropriations	1,212,386	-	-	1,212,386
Other purposes	2,741	-	-	2,741
Unassigned (deficit)	-	-	(247,467)	(247,467)
Total fund balances	<u>1,252,724</u>	<u>96,239</u>	<u>108,142</u>	<u>1,457,105</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,852,109</u>	<u>\$ 385,581</u>	<u>\$ 600,633</u>	<u>\$ 4,838,323</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

<b>Total governmental fund balances</b>		\$	1,457,105
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			7,220,875
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	131,228	
Intergovernmental receivable		132,872	
Total			264,100
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(20,575)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		2,937,614	
Deferred inflows - pension		(218,399)	
Net pension liability		(12,063,812)	
Deferred outflows - OPEB		525,219	
Deferred inflows - OPEB		(1,267,833)	
Net OPEB asset		686,757	
Net OPEB liability		(885,474)	
Total			(10,285,928)
Long-term liabilities, including leases, are not due and payable in the current period and therefore are not reported in the funds.			
Lease purchase agreement obligations		(1,800,841)	
Compensated absences		(483,649)	
Total			(2,284,490)
<b>Net position (deficit) of governmental activities</b>		<b>\$</b>	<b>(3,648,913)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

	<u>General</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Property taxes	\$ 1,097,816	\$ 158,801	\$ 25,735	\$ 1,282,352
Intergovernmental	8,964,528	22,587	1,751,394	10,738,509
Investment earnings	7,882	-	-	7,882
Tuition and fees	905,746	-	11,340	917,086
Extracurricular	200	-	69,846	70,046
Charges for services	-	-	22,271	22,271
Contributions and donations	5,241	-	2,044	7,285
Payment in lieu of taxes	-	500,000	-	500,000
Miscellaneous	2,204	1,000	-	3,204
Total revenues	<u>10,983,617</u>	<u>682,388</u>	<u>1,882,630</u>	<u>13,548,635</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	6,159,037	-	408,179	6,567,216
Special	1,746,400	-	542,361	2,288,761
Vocational	234,835	-	-	234,835
Support services:				
Pupil	476,761	-	280,325	757,086
Instructional staff	274,179	-	109,335	383,514
Board of education	38,002	-	-	38,002
Administration	936,528	-	12,012	948,540
Fiscal	278,805	1,587	716	281,108
Operations and maintenance	1,198,777	28,109	43,085	1,269,971
Pupil transportation	265,510	10,579	75,271	351,360
Central	84,716	-	750	85,466
Operation of non-instructional services:				
Food service operations	-	-	502,648	502,648
Other non-instructional services	11,881	-	10,357	22,238
Extracurricular activities	354,390	-	108,501	462,891
Facilities acquisition and construction	-	17,670	17,598	35,268
Debt service:				
Principal retirement	84,316	467,188	120,000	671,504
Interest and fiscal charges	53,876	32,812	2,430	89,118
Total expenditures	<u>12,198,013</u>	<u>557,945</u>	<u>2,233,568</u>	<u>14,989,526</u>
Excess of revenues over (under) expenditures	<u>(1,214,396)</u>	<u>124,443</u>	<u>(350,938)</u>	<u>(1,440,891)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	82,500	82,500
Transfers (out)	(82,500)	-	-	(82,500)
Total other financing sources (uses)	<u>(82,500)</u>	<u>-</u>	<u>82,500</u>	<u>-</u>
Net change in fund balances	(1,296,896)	124,443	(268,438)	(1,440,891)
<b>Fund balances (deficits) at beginning of year</b>	<u>2,549,620</u>	<u>(28,204)</u>	<u>376,580</u>	<u>2,897,996</u>
<b>Fund balances at end of year</b>	<u>\$ 1,252,724</u>	<u>\$ 96,239</u>	<u>\$ 108,142</u>	<u>\$ 1,457,105</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

<b>Net change in fund balances - total governmental funds</b>	\$	(1,440,891)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 158,004	
Current year depreciation	(422,704)	
Total		(264,700)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(20,496)	
Earnings on investments	(14,701)	
Intergovernmental	132,872	
Total		97,675
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		671,504
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Change in accrued interest payable	13,583	
Amortization of bond premiums	(2,036)	
Amortization of deferred charges	2,590	
Total		14,137
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	928,054	
OPEB	28,740	
Total		956,794
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,959,588)	
OPEB	(10,895)	
Total		(1,970,483)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		10,021
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>(1,925,943)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property taxes	\$ 1,036,472	\$ 953,005	\$ 1,082,179	\$ 129,174
Intergovernmental	8,046,873	7,909,121	8,981,165	1,072,044
Investment earnings	43,383	6,941	7,882	941
Tuition and fees	558,119	797,630	905,745	108,115
Extracurricular	-	138	157	19
Contributions and donations	6,500	1,761	2,000	239
Miscellaneous	33,058	160	182	22
<b>Total revenues</b>	<u>9,724,405</u>	<u>9,668,756</u>	<u>10,979,310</u>	<u>1,310,554</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	5,814,531	6,148,033	6,126,555	21,478
Special	1,613,996	1,721,951	1,715,936	6,015
Vocational	233,992	231,729	230,920	809
Support services:				
Pupil	546,291	452,321	450,741	1,580
Instructional staff	299,543	260,017	259,109	908
Board of education	36,878	38,135	38,002	133
Administration	948,383	900,676	897,530	3,146
Fiscal	373,677	279,834	278,857	977
Operations and maintenance	1,317,310	1,175,225	1,171,120	4,105
Pupil transportation	246,639	241,998	241,153	845
Central	86,376	86,280	85,979	301
Operation of non-instructional services:				
Other non-instructional services	10,328	11,717	11,676	41
Extracurricular activities	435,350	347,287	346,074	1,213
Facilities acquisition and construction	5,460	-	-	-
Debt service:				
Principal retirement	86,725	552,630	83,512	469,118
Interest and fiscal charges	70,421	87,799	54,680	33,119
<b>Total expenditures</b>	<u>12,125,900</u>	<u>12,535,632</u>	<u>11,991,844</u>	<u>543,788</u>
Excess of expenditures over (under) expenditures	<u>(2,401,495)</u>	<u>(2,866,876)</u>	<u>(1,012,534)</u>	<u>1,854,342</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures	12,562	68,211	77,457	9,246
Refund of prior year's receipts	-	277	276	(1)
Transfers (out)	(102,843)	(82,789)	(82,500)	289
<b>Total other financing sources (uses)</b>	<u>(90,281)</u>	<u>(14,301)</u>	<u>(4,767)</u>	<u>9,534</u>
Net change in fund balance	(2,491,776)	(2,881,177)	(1,017,301)	1,863,876
<b>Fund balance at beginning of year</b>	3,427,749	3,427,749	3,427,749	-
<b>Prior year encumbrances appropriated</b>	118,893	118,893	118,893	-
<b>Fund balance at end of year</b>	<u>\$ 1,054,866</u>	<u>\$ 665,465</u>	<u>\$ 2,529,341</u>	<u>\$ 1,863,876</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2021

	<u>Custodial</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	<u>\$ 291,709</u>
Total assets	<u>291,709</u>
<b>Net position:</b>	
Restricted for individuals, organizations and other governments	<u>291,709</u>
Total net position	<u>\$ 291,709</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

	<u>Custodial</u>
<b>Additions:</b>	
Earnings on investments	\$ 36,877
Total additions	<u>36,877</u>
<b>Deductions:</b>	
Scholarships awarded	<u>3,400</u>
Total deductions	<u>3,400</u>
Change in net position	33,477
<b>Net position at beginning of year</b>	<u>258,232</u>
<b>Net position at end of year</b>	<u>\$ 291,709</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Wellsville Local School District (the “District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Wellsville Local School District is a local school district as defined by §3311.22 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District’s seven instructional/support facilities staffed by 39 non-certified and 76 certified full-time teaching personnel who provide services to 699 students and other community members.

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

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

**A. The Reporting Entity**

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

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Area Cooperative Computerized Educational Service System (ACCESS)

ACCESS is a computer network which provides data services to twenty-six school districts in Columbiana and Mahoning County, two educational service centers, twenty non-public schools and two Special Education Regional Resource Centers. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The nine-member Board of Directors consists of 2 treasurers and 6 superintendents from participating school districts. The ACCESS treasurer is an ex-officio member of the Board of Directors. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from the Treasurer at 7320 North Palmyra Road, Canfield, Ohio 44406.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

Columbiana County Career and Technical Center

The Columbiana County Career and Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board of Education 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 Columbiana County Career and Technical Center, Katherine Mihalich, who serves as Treasurer, at 9364 State Route 45, Lisbon, Ohio 44432.

*PUBLIC ENTITY RISK POOL*

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. 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 OSBA. 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.

Portage Area School Consortium

The Portage Area School Consortium (the "Consortium") was established in 1981 so that 12 educational service providers in Portage County could manage risk exposures and purchase necessary insurance coverage as a group. The Health and Welfare Trust is organized under the provisions of Section 501(c)(9) of the Internal Revenue Code. Its purpose is to facilitate the management of risks associated with providing employee benefits coverage such as medical insurance, prescription drug insurance, dental insurance, disability insurance and life insurance. A third-party administrator is retained by the Consortium to facilitate the operation of the Health and Welfare Trust. The District pays all insurance premiums directly to the Consortium. Also, the insurance agreement with Portage Area School Consortium provides that the Consortium will reinsure through commercial companies for claims over \$250,000 per employee. Although the District does not participate in the day-to-day management of the Consortium, one of its administrators serves as a trustee of the Consortium's governing Board as provided in the Consortium's enabling authority. To obtain financial information, write to the Field Local School District, Todd Carpenter, who serves as Treasurer, at 2900 State Route 43, Mogadore, Ohio 44260.

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

*General fund* -The general fund 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.

*Permanent improvement fund* - The permanent improvement capital projects fund accounts for financial resources to be used for the acquisition, construction, or improvement of major capital facilities.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

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

*PROPRIETARY FUNDS*

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 proprietary funds.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial fund accounts for scholarships.

**C. Basis of Presentation and Measurement Focus**

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

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

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

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

Fiduciary funds are reported using the economic resources measurement focus. All assets and liabilities associated with the operation of fiduciary funds are included on the statement of fiduciary net position. Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

**D. Basis of Accounting**

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

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, payments in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Notes 13 and 14 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

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

For the District, see Notes 13 and 14 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue.

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

**E. 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 is at the fund level for all funds. Any budgetary modifications at this level may only be made by the Board of Education. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present the budgetary statement comparisons at the fund and function level of expenditures.

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 appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire 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.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

**F. Cash and Cash Equivalents**

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as “equity in pooled cash and cash equivalents” on the financial statements.

During fiscal year 2021, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio) and nonnegotiable certificates of deposits. Non-participating investment contracts are reported at cost.

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

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

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$7,882 which includes \$1,882 assigned from other District funds.

For presentation on the 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 that are not purchased from the pool are reported as investments.

**G. Inventory**

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

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

General capital assets are those assets specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported on the fund financial statements.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition value as of the date received. The District's capitalization threshold is \$2,500. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets other than land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land improvements	15 - 30 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 15 years

**I. Compensated Absences**

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the District's termination policy.

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

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

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

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

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



**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

**K. Bond Issuance Costs, Bond Premiums and Discounts, and Deferred Charges on Debt Refunding**

On both the government-wide financial statements and the fund financial statements, bond issuance costs are recognized in the period in which these items are incurred.

On the government-wide financial statements, bond premiums and discounts are amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds and bond discounts are presented as a reduction to the face amount of the bonds. On the governmental fund financial statements, bond premiums and discounts are recognized in the period in which these items are incurred.

For current and advance refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the refunded debt is amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining term of the old debt or the term of the new debt, whichever is shorter. As of June 30, 2021, the District has no obligations outstanding related to the refunded bond.

**L. Net Position**

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

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

**M. Fund Balance**

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

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

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

**WELLSVILLE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District's for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

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

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

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

**O. Interfund Balances**

Long-term interfund loans payable in the nonmajor governmental funds are recorded as "advances from other fund" and a corresponding receivable recorded as "advances to other funds" in the general fund. These amounts are eliminated in the governmental activities column on the statement of net position.

Interfund loans that are used to cover negative cash balances are classified as "due to/from other funds". These amounts are eliminated in the governmental activities columns of the statement of net position.

**P. Interfund Activity**

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

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

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

**Q. Estimates**

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

**R. Extraordinary and Special Items**

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

**S. Prepayments**

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepayments using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

On the fund financial statements, reported prepayments are equally offset by non-spendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

**T. Fair Value**

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

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

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

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

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

**B. Deficit Fund Balances**

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

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service operations	\$ 18,097
District managed student activities	5,625
Public school preschool	1,358
IDEA part B	79,850
School improvement stimulus A	5,492
Title I	122,617
Supporting effective instruction	5,646
Miscellaneous federal grants	7,906

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur.

**C. Compliance**

The District was in noncompliance with Ohio Revised Code Sections 5705.41(D) for not timely certifying purchase orders, 5705.10 for carrying unallowable negative cash basis fund balances, and sections 3307 and 3309 for not contributing full qualifying employee and employer contribution amounts to the School Employees Retirement System and the State Teachers Retirement System of Ohio.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

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

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

**A. Deposits with Financial Institutions**

At June 30, 2021, the carrying amount of all District deposits, including \$1,729,782 in nonnegotiable certificates of deposit, was \$3,277,478 and the bank balance of all District deposits was \$3,307,497. Of the bank balance, \$2,030,497 was covered by the FDIC, \$766,200 was covered by the Ohio Pooled Collateral System, and \$510,800 was exposed to custodial credit risk because the deposits were uninsured and uncollateralized.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State. For fiscal year 2021, the District's financial institutions were approved for a reduced collateral rate of 60 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

**B. Investments**

As of June 30, 2021, the District had the following investment and maturity:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>Investment Maturities 6 months or less</u>
Amortized cost:		
STAR Ohio	\$ 2,211	\$ 2,211

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

*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, 2021:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
Amortized cost:		
STAR Ohio	\$ 2,211	100.00

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

**C. Reconciliation of Cash and Investments to the Statement of Net Position**

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

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,277,478
Investments	<u>2,211</u>
Total	<u>\$ 3,279,689</u>
 <u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	\$ 2,987,980
Custodial	<u>291,709</u>
Total	<u>\$ 3,279,689</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

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

	<u>Amount</u>
<u>Transfers from general fund to:</u>	
Nonmajor governmental funds	<u>\$ 82,500</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 on the statement of activities.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16.

B. Interfund balances at June 30, 2021 as reported on the fund statements, consist of the following advances to and from other funds:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Permanent improvement fund	<u>\$ 131,109</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid in fiscal year 2023.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**NOTE 5 - INTERFUND TRANSACTIONS – (Continued)**

C. Due to/from other funds consisted of the following at June 30, 2021, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 175,689</u>

The primary purpose of the amount due to the general fund from the nonmajor governmental fund was to eliminate negative cash balances. The amount will be repaid once cash is received.

Amounts due to/from between governmental funds are eliminated on the government-wide statements.

**NOTE 6 - PROPERTY TAXES**

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

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

The District receives property taxes from Columbiana County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available as an advance at June 30, 2021 was \$61,473 in the general fund and \$9,170 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2020 was \$45,835 in the general fund, \$2,472 in the debt service fund, a nonmajor governmental fund, \$7,131 in the permanent improvement fund, and \$892 in the classroom facilities maintenance fund, a nonmajor governmental fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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



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

**NOTE 6 - PROPERTY TAXES - (Continued)**

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

	2020 Second Half Collections		2021 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 47,299,590	83.91	\$ 47,384,340	83.81
Public utility personal	<u>9,071,040</u>	<u>16.09</u>	<u>9,155,770</u>	<u>16.19</u>
Total	<u>\$ 56,370,630</u>	<u>100.00</u>	<u>\$ 56,540,110</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$37.10		\$35.50	

**NOTE 7 - RECEIVABLES**

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

A summary of the principal items of receivables follows:

Governmental activities:

Property taxes	\$ 1,317,840
Intergovernmental	<u>216,213</u>
Total	<u>\$ 1,534,053</u>

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

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**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**NOTE 8 - CAPITAL ASSETS**

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

	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 375,450	\$ -	\$ -	\$ 375,450
Construction in progress	1,950,945	-	(1,950,945)	-
Total capital assets, not being depreciated	<u>2,326,395</u>	<u>-</u>	<u>(1,950,945)</u>	<u>375,450</u>
Capital assets, being depreciated:				
Land improvements	1,067,781	1,950,945	-	3,018,726
Building and improvements	11,933,200	-	-	11,933,200
Furniture and equipment	1,292,404	72,153	-	1,364,557
Vehicles	386,854	85,851	-	472,705
Total capital assets, being depreciated	<u>14,680,239</u>	<u>2,108,949</u>	<u>-</u>	<u>16,789,188</u>
Less: accumulated depreciation:				
Land improvements	(862,889)	(15,777)	-	(878,666)
Building and improvements	(7,355,208)	(308,815)	-	(7,664,023)
Furniture and equipment	(1,018,643)	(70,962)	-	(1,089,605)
Vehicles	(284,319)	(27,150)	-	(311,469)
Total accumulated depreciation	<u>(9,521,059)</u>	<u>(422,704)</u>	<u>-</u>	<u>(9,943,763)</u>
Governmental activities capital assets, net	<u>\$ 7,485,575</u>	<u>\$ 1,686,245</u>	<u>\$ (1,950,945)</u>	<u>\$ 7,220,875</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 252,462
Special	2,190
Support services:	
Pupil	317
Instructional staff	1,867
Administration	8,537
Operations and maintenance	120,152
Pupil transportation	27,154
Central	1,350
Extracurricular	5,756
Food service operations	2,919
Total depreciation expense	<u>\$ 422,704</u>

**NOTE 9 - LEASES - LESSEE DISCLOSURE**

- A. During fiscal year 2018, the District entered into a capital lease purchase agreement for renovations to Garfield Elementary School. This capital lease agreement meets the criteria of a capital lease as defined by accounting principles generally accepted in the United States of America, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The purchase agreement is considered a direct borrowing.

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

**NOTE 9 - LEASES - LESSEE DISCLOSURE - (Continued)**

Direct borrowings have terms negotiated directly between the District and the lender and are not offered for public sale. During the fiscal year the District made principal payments of \$84,316 out of 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	\$ 138,116
2023	138,116
2024	138,117
2025	138,116
2026	138,116
2027 - 2031	690,582
2032 - 2033	<u>207,174</u>
Total minimum lease payments	1,588,337
Less: amount representing interest	<u>(329,923)</u>
Total	<u>\$ 1,258,414</u>

- B.** During the fiscal year 2019, the District entered into a capital lease purchase agreement to upgrade the stadium's turf and track. This capital lease agreement meets the criteria of a capital lease as defined by accounting principles generally accepted in the United States of America, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The purchase agreement is considered a direct borrowing. Direct borrowings have terms negotiated directly between the District and the lender and are not offered for public sale. During fiscal year 2021, the District made principal payments of \$467,188 out of the permanent improvement fund related to this lease.

<u>Fiscal Year Ending June 30.</u>	<u>Amount</u>
2022	\$ 119,288
2023	119,288
2024	119,289
2025	119,288
2026	<u>119,287</u>
Total minimum lease payments	596,440
Less: amount representing interest	<u>(54,013)</u>
Total	<u>\$ 542,427</u>

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2021, the following changes occurred in governmental activities long-term obligations.

	Balance June 30, 2020	Additions	Reductions	Balance June 30, 2021	Amounts Due in One Year
<b>Governmental activities:</b>					
Series 2007 refunding bonds	\$ 120,000	\$ -	\$ (120,000)	\$ -	\$ -
2019 Lease purchase agreement					
- direct borrowing	1,009,615	-	(467,188)	542,427	101,659
2018 Lease purchase agreement					
- direct borrowing	1,342,730	-	(84,316)	1,258,414	87,783
Net pension liability	10,237,790	1,826,022	-	12,063,812	-
Net OPEB liability	955,175	-	(69,701)	885,474	-
Compensated absences	534,783	50,410	(45,821)	539,372	62,556
Total long-term obligations, governmental activities	<u>\$ 14,200,093</u>	<u>\$ 1,876,432</u>	<u>\$ (787,026)</u>	<u>\$ 15,289,499</u>	<u>\$ 251,998</u>

*Lease Purchase Agreements:* Lease purchase agreement obligations will be paid from the general fund and permanent improvement fund. See Note 9 for details.

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

*Net OPEB Liability:* The District's net OPEB liability is described in Note 14. The District pays obligations related to employee compensation from the fund benefitting from their service.

Compensated absences will be paid from the fund from which the employee is paid; these include the general fund, the food service fund (a nonmajor governmental fund), the IDEA Part-B special education fund (a nonmajor governmental fund), and the Title I fund (a nonmajor governmental fund).

**B. Refunding Bonds - Series 2007**

On October 18, 2007, the District issued general obligation bonds (Series 2007 Refunding Bonds) to advance refund the callable portion of the Series 1998 school improvement general obligation bonds (callable principal \$995,000). The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position.

The refunding issue is comprised of both current interest bonds (interest rates range from 4.00% to 4.05%), par value \$970,000 and capital appreciation bonds, par value \$25,000. The capital appreciation bonds matured December 1, 2014, (effective interest rate 4.0%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds was \$100,000. Refunding bond obligations were paid from the bond retirement fund, a nonmajor governmental fund.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

The reacquisition price exceeded the net carrying amount of the old debt by \$64,312. This amount is being netted against the new debt and amortized over the remaining term of the refunded debt, which is equal to the term of the new debt issued. As of June 30, 2021, there is no obligation outstanding related to this bond.

**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 used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2021, are a voted debt margin of \$5,108,219 (including available funds of \$19,609) and an unvoted debt margin of \$56,540.

**NOTE 11 - COMPENSATED ABSENCES**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 300 days for classified employees and 300 days for certificated employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit up to a maximum of 76 days in fiscal year 2021 for classified employees and maximum of 72 days in fiscal year 2021 for certified employees.

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the District's insurance coverage through Ohio Casualty Insurance a member of the Liberty Mutual Group and coverage was provided in The Netherlands Insurance Company – A Stock Company as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Liability Limit</u>
Building and contents	\$ 1,000	\$ 41,527,404
Automobile liability	500	1,000,000
Uninsured motorists	-	1,000,000
General liability:		
Per occurrence	2,500	1,000,000
General aggregate	-	2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There were no significant reductions in coverage from the previous year.

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

**NOTE 12 - RISK MANAGEMENT – (Continued)**

**B. Workers' Compensation Program**

For fiscal year 2021, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 2). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniService, Inc. provides administrative, cost control and actuarial services to the GRP.

**C. Employee Medical Benefits**

The District participates in the Portage Area School Consortium (the "Consortium"), which is a cooperative entity among 25 current educational-service providers to facilitate effective risk management and to share the cost of providing various insurance coverages and employee benefits. The Health and Welfare Trust is organized under the provisions of Section 501(c)(9) of the Internal Revenue Code. Its purpose is to facilitate the management of risks associated with providing employee benefits coverage such as medical insurance, prescription drug insurance, dental insurance, disability insurance and life insurance. A third-party administrator is retained by the Consortium to facilitate the operation of the Health and Welfare Trust. The District pays all insurance premiums directly to the Consortium. The insurance agreement with the Consortium also provides that the Consortium will reinsure through commercial companies for claims over \$250,000 per employee. Although the District does not participate in the day-to-day management of the Consortium, one of its administrators serves as a trustee of the Consortium's governing board, as provided in the Consortium's enabling authority. Although the District recognizes that it retains a contingent liability to provide insurance coverage should the assets of the Consortium become depleted, it is the opinion of management that the assets of the Consortium are sufficient to meet its claims.

**NOTE 13 - 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).

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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

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 14 for the required OPEB disclosures.

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

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

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

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 \$225,221 for fiscal year 2021. Of this amount, \$53,665 is reported as pension and postemployment benefits payable.

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

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

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

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.



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

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 \$702,833 for fiscal year 2021. Of this amount, \$120,108 is reported as pension and postemployment benefits payable.

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.03758460%	0.03612595%	
Proportion of the net pension liability current measurement date	<u>0.03944320%</u>	<u>0.03907581%</u>	
Change in proportionate share	<u>0.00185860%</u>	<u>0.00294986%</u>	
Proportionate share of the net pension liability	\$ 2,608,856	\$ 9,454,956	\$ 12,063,812
Pension expense	\$ 448,183	\$ 1,511,405	\$ 1,959,588

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FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 5,067	\$ 21,215	\$ 26,282
Net difference between projected and actual earnings on pension plan investments	165,611	459,794	625,405
Changes of assumptions	-	507,547	507,547
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	129,697	720,629	850,326
Contributions subsequent to the measurement date	<u>225,221</u>	<u>702,833</u>	<u>928,054</u>
Total deferred outflows of resources	<u>\$ 525,596</u>	<u>\$ 2,412,018</u>	<u>\$ 2,937,614</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 60,459	\$ 60,459
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>-</u>	<u>157,940</u>	<u>157,940</u>
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 218,399</u>	<u>\$ 218,399</u>

\$928,054 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ 100,363	\$ 527,107	\$ 627,470
2023	79,133	307,259	386,392
2024	69,029	327,493	396,522
2025	<u>51,850</u>	<u>328,927</u>	<u>380,777</u>
Total	<u>\$ 300,375</u>	<u>\$ 1,490,786</u>	<u>\$ 1,791,161</u>

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (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.

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

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

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 3,573,815	\$ 2,608,856	\$ 1,799,238

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

	<u>June 30, 2020</u>
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%

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

For the June 30, 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 June 30, 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 13,462,211	\$ 9,454,956	\$ 6,059,141

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - DEFINED BENEFIT OPEB PLANS**

*Net OPEB Liability/Asset*

See Note 13 for a description of the net OPEB liability (asset).

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was \$28,740.

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 \$28,740 for fiscal year 2021. Of this amount, \$28,740 is reported as pension and postemployment benefits payable.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (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.

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.03798230%	0.03612595%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.04074280%</u>	<u>0.03907581%</u>	
Change in proportionate share	<u>0.00276050%</u>	<u>0.00294986%</u>	
Proportionate share of the net OPEB liability	\$ 885,474	\$ -	\$ 885,474
Proportionate share of the net OPEB asset	\$ -	\$ (686,757)	\$ (686,757)
OPEB expense	\$ 29,900	\$ (19,005)	\$ 10,895

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 11,631	\$ 44,005	\$ 55,636
Net difference between projected and actual earnings on OPEB plan investments	9,979	24,068	34,047
Changes of assumptions	150,942	11,337	162,279
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	159,126	85,391	244,517
Contributions subsequent to the measurement date	<u>28,740</u>	<u>-</u>	<u>28,740</u>
Total deferred outflows of resources	<u>\$ 360,418</u>	<u>\$ 164,801</u>	<u>\$ 525,219</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 450,326	\$ 136,793	\$ 587,119
Changes of assumptions	22,304	652,301	674,605
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>-</u>	<u>6,109</u>	<u>6,109</u>
Total deferred inflows of resources	<u>\$ 472,630</u>	<u>\$ 795,203</u>	<u>\$ 1,267,833</u>

\$28,740 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2022.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (27,252)	\$ (155,507)	\$ (182,759)
2023	(26,531)	(139,216)	(165,747)
2024	(26,647)	(133,500)	(160,147)
2025	(26,337)	(137,823)	(164,160)
2026	(23,884)	(31,860)	(55,744)
Thereafter	<u>(10,301)</u>	<u>(32,496)</u>	<u>(42,797)</u>
Total	<u>\$ (140,952)</u>	<u>\$ (630,402)</u>	<u>\$ (771,354)</u>



**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*Actuarial Assumptions - SERS*

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 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.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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.

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:

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

**Discount Rate** - The 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%).

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,083,799	\$ 885,474	\$ 727,807

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 697,244	\$ 885,474	\$ 1,137,187

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation, compared with June 30, 2019, are presented below:

	June 30, 2020		June 30, 2019	
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				
	Initial	Ultimate	Initial	Ultimate
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.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*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:

<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	<u>1.00</u>	2.25
Total	<u><u>100.00 %</u></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.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*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	\$ 597,523	\$ 686,757	\$ 762,468

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 757,769	\$ 686,757	\$ 600,254

**NOTE 15 - SET-ASIDES**

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2020	\$ -
Current year set-aside requirement	123,353
Current year offsets	<u>(123,353)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2022	<u>\$ -</u>
Set-aside balance June 30, 2021	<u>\$ -</u>

The District had offsets during the fiscal year that reduced the capital improvements set-aside amount to zero. During fiscal year 1998, the District issued \$1,709,000 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition set-aside to zero for future years. The District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$1,139,342 at June 30, 2021.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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

<b>Net Change in Fund Balance</b>	<u>General fund</u>
Budget basis	\$ (1,017,301)
Net adjustment for revenue accruals	(999)
Net adjustment for expenditure accruals	(207,617)
Net adjustment for other financing sources	(77,733)
Net adjustment for fund reclassification	(1,105)
Adjustment for encumbrances	<u>7,859</u>
GAAP basis	<u>\$ (1,296,896)</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, the underground storage tank fund, the unclaimed monies fund, and the rotary fund.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**NOTE 17 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

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

**NOTE 18 - OTHER COMMITMENTS**

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

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General fund	\$ 6,975
Nonmajor governmental funds	<u>54,549</u>
Total	<u>\$ 61,524</u>

**NOTE 19 - TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS**

Yellow Creek Township (the "Township") entered into an Economic Zone agreement with South Field Energy, LLC. (the "Company") for the abatement of property taxes to bring jobs and economic development into the Township. The Company will construction a new electric generating facility at a total cost of approximately \$475,200,000 - \$1,195,750,000 (the "Project"). Under the agreement, the Company's property taxes assessed will be abated once the Project is completed. In exchange for the abated property taxes, the District and the Company entered into a Compensation Agreement which will provide the District with payment in lieu of taxes revenue to make up for the missing property taxes. Until the Project is complete, the Company will provided the District with compensatory payments ("Initial School District Payments") and once the Project is complete, the Company will begin providing funds on an annual basis in return for the real property tax exemptions and personal property tax exemptions provided under the Economic Zone agreement ("Gross Annual School Amount"). During fiscal year 2021, the District's property taxes had not been reduced as the Project had not been complete, but the District received \$500,000 of the Initial School District Payments as part of the Compensation Agreement which are reported as "payment in lieu of taxes" on the basic financial statements.

**NOTE 20 - COVID-19**

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

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**NOTE 21 - SUBSEQUENT EVENT**

For fiscal year 2022, District foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the educating school. For fiscal year 2021, the District reported \$1,092,456 in revenues and expenditures/expenses related to these programs. This new funding system calculates a unique base cost and a unique “per-pupil local capacity amount” for each District. The District’s state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.



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REQUIRED SUPPLEMENTARY INFORMATION

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.03944320%	0.03758460%	0.03275220%	0.03236470%
District's proportionate share of the net pension liability	\$ 2,608,856	\$ 2,248,753	\$ 1,875,779	\$ 1,933,719
District's covered payroll	\$ 1,514,836	\$ 1,269,674	\$ 1,143,904	\$ 1,094,521
District's proportionate share of the net pension liability as a percentage of its covered payroll	172.22%	177.11%	163.98%	176.67%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.03353520%	0.03303750%	0.03229800%	0.03229800%
\$ 2,454,467	\$ 1,885,152	\$ 1,634,583	\$ 1,920,658
\$ 1,044,221	\$ 994,598	\$ 938,521	\$ 1,012,334
235.05%	189.54%	174.17%	189.73%
62.98%	69.16%	71.70%	65.52%

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO  
LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.03907581%	0.03612595%	0.03739854%	0.03496935%
District's proportionate share of the net pension liability	\$ 9,454,956	\$ 7,989,037	\$ 8,223,099	\$ 8,307,044
District's covered payroll	\$ 4,841,857	\$ 4,244,607	\$ 4,392,693	\$ 3,780,536
District's proportionate share of the net pension liability as a percentage of its covered payroll	195.28%	188.22%	187.20%	219.73%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.03394138%	0.03223062%	0.03201258%	0.03201258%
\$ 11,361,203	\$ 8,907,601	\$ 7,786,567	\$ 9,275,308
\$ 3,729,286	\$ 3,368,507	\$ 3,270,800	\$ 3,518,177
304.65%	264.44%	238.06%	263.64%
66.80%	72.10%	74.70%	69.30%

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 225,221	\$ 212,077	\$ 171,406	\$ 154,427
Contributions in relation to the contractually required contribution	<u>(225,221)</u>	<u>(212,077)</u>	<u>(171,406)</u>	<u>(154,427)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,608,721	\$ 1,514,836	\$ 1,269,674	\$ 1,143,904
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 153,233	\$ 146,191	\$ 131,088	\$ 130,079	\$ 140,107	\$ 133,588
<u>(153,233)</u>	<u>(146,191)</u>	<u>(131,088)</u>	<u>(130,079)</u>	<u>(140,107)</u>	<u>(133,588)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,094,521	\$ 1,044,221	\$ 994,598	\$ 938,521	\$ 1,012,334	\$ 993,219
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%



**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 702,833	\$ 677,860	\$ 594,245	\$ 614,977
Contributions in relation to the contractually required contribution	<u>(702,833)</u>	<u>(677,860)</u>	<u>(594,245)</u>	<u>(614,977)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,020,236	\$ 4,841,857	\$ 4,244,607	\$ 4,392,693
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 529,275	\$ 522,100	\$ 471,591	\$ 425,204	\$ 457,363	\$ 457,267
<u>(529,275)</u>	<u>(522,100)</u>	<u>(471,591)</u>	<u>(425,204)</u>	<u>(457,363)</u>	<u>(457,267)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,780,536	\$ 3,729,286	\$ 3,368,507	\$ 3,270,800	\$ 3,518,177	\$ 3,517,438
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.04074280%	0.03798230%	0.03337760%	0.03283410%	0.03390123%
District's proportionate share of the net OPEB liability	\$ 885,474	\$ 955,175	\$ 925,985	\$ 881,181	\$ 966,310
District's covered payroll	\$ 1,514,836	\$ 1,269,674	\$ 1,143,904	\$ 1,094,521	\$ 1,044,221
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	58.45%	75.23%	80.95%	80.51%	92.54%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%	11.49%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/asset	0.03907581%	0.03612595%	0.03739854%	0.03496935%	0.03394138%
District's proportionate share of the net OPEB liability/(asset)	\$ (686,757)	\$ (598,332)	\$ (600,956)	\$ 1,364,375	\$ 1,815,194
District's covered payroll	\$ 4,841,857	\$ 4,244,607	\$ 4,392,693	\$ 3,780,536	\$ 3,729,286
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.18%	14.10%	13.68%	36.09%	48.67%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	174.70%	176.00%	47.10%	37.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 28,740	\$ 25,288	\$ 27,026	\$ 24,419
Contributions in relation to the contractually required contribution	<u>(28,740)</u>	<u>(25,288)</u>	<u>(27,026)</u>	<u>(24,419)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,608,721	\$ 1,514,836	\$ 1,269,674	\$ 1,143,904
Contributions as a percentage of covered payroll	1.79%	1.67%	2.13%	2.13%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 17,856	\$ 16,798	\$ 24,093	\$ 17,949	\$ 15,588	\$ 19,312
<u>(17,856)</u>	<u>(16,798)</u>	<u>(24,093)</u>	<u>(17,949)</u>	<u>(15,588)</u>	<u>(19,312)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,094,521	\$ 1,044,221	\$ 994,598	\$ 938,521	\$ 1,012,334	\$ 993,219
1.63%	1.61%	2.42%	1.91%	1.54%	1.94%

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,020,236	\$ 4,841,857	\$ 4,244,607	\$ 4,392,693
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ 17,949	\$ 15,588	\$ 19,312
-	-	-	(17,949)	(15,588)	(19,312)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,780,536	\$ 3,729,286	\$ 3,368,507	\$ 3,270,800	\$ 3,518,177	\$ 3,517,438
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%



**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

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PENSION

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

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

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

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

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

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

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OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

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

(Continued)

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

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

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

## **SUPPLEMENTARY INFORMATION**

WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	TOTAL EXPENDITURES OF FEDERAL AWARDS
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through the Ohio Department of Education</i>			
<b>Child Nutrition Cluster:</b>			
School Breakfast Program	10.553	2021	\$ 84,892
COVID 19 - School Breakfast Program	10.553	COVID-19, 2021	29,160
<b>Total National School Breakfast Program</b>			<u>114,052</u>
National School Lunch Program - Food Donation	10.555	2021	22,749
National School Lunch Program	10.555	2021	235,062
COVID 19 - National School Lunch Program	10.555	COVID-19, 2021	59,771
<b>Total National School Lunch Program</b>			<u>317,582</u>
<b>Total Child Nutrition Cluster</b>			<u>431,634</u>
Child and Adult Care Food Program - Child Care Meals	10.558	2021	6,647
Child and Adult Care Food Program - Cash-in lieu	10.558	2021	380
<b>Total Child and Adult Food Program</b>			<u>7,027</u>
Fresh Fruit and Vegetable Program	10.582	2021	15,268
<b>Total U.S. Department of Agriculture</b>			<u>453,929</u>
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
<i>Passed Through the Ohio Department of Education</i>			
COVID-19 - Coronavirus Relief Fund - Broadband Ohio Connectivity	21.019	COVID-19, 2021	56,303
COVID-19 - Coronavirus Relief Fund - CRF-Rural and Small Town School District	21.019	COVID-19, 2021	36,614
<b>Total U.S. Department of the Treasury and Coronavirus Relief Fund</b>			<u>92,917</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through the Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2021	402,673
Title I Grants to Local Educational Agencies - Expanding Opportunities for Each Child, Non-Competitive Grant	84.010A	84.010A, 2021	7,480
Title I Grants to Local Educational Agencies - Noncompetitive, Supplemental School Improvement	84.010A	84.010A, 2021	13,900
<b>Total Title I Grants to Local Educational Agencies</b>			<u>424,053</u>
<b>Special Education Cluster (IDEA):</b>			
Special Education-Grants to States (IDEA, PART B)	84.027A	84.027A, 2021	212,750
Special Education-Grants to States (IDEA, PART B) - Restoration	84.027A	84.027A, 2021	1,961
<b>Total Special Education _Grants to States</b>			<u>214,711</u>
<b>Total Special Education Cluster (IDEA)</b>			<u>214,711</u>
Supporting Effective Instruction State Grants	84.367A	84.367A, 2021	47,081
Rural Education	84.358B	84.358B, 2021	12,657
Student Support and Academic Enrichment Program	84.424A	84.424A, 2021	44,379
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER I) Fund	84.425D	COVID-19, 84.425D, 2021	229,160
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER I) Fund	84.425D	COVID-19, 84.425D, 2022	1,197
<b>Total Education Stabilization Fund</b>			<u>230,357</u>
<b>Total U.S. Department of Education</b>			<u>973,238</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,520,084</u>

The accompanying notes are an integral part of this schedule.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Wellsville Local School District under programs of the federal government for the fiscal year ended June 30, 2021 and is prepared in accordance with the cash basis of accounting. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Wellsville Local School District, it is not intended to and does not present the financial position or changes in net position of the Wellsville Local School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited to as to reimbursement.

**NOTE 2 – DE MINIMIS COST RATE**

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The Wellsville Local School District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 - CHILD NUTRITION CLUSTER**

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

**NOTE 4 – FOOD DONATION PROGRAM**

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

**NOTE 5 – PASS THROUGH GRANTS**

The Wellsville Local School District was awarded federal program allocations to be administered on their behalf by the Columbiana County Educational Service Center. For fiscal year 2021, the Wellsville Local School District's allocation was as follows: Special Education\_Preschool Grants (ALN 84.173A) \$3,056.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

Wellsville Local School District  
Columbiana County  
929 Center Street  
Wellsville, Ohio 43968

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wellsville Local School District, Columbiana County, Ohio, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Wellsville Local School District's basic financial statements, and have issued our report thereon dated September 5, 2022, wherein we noted as described Note 20 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

***Internal Control over Financial Reporting***

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 Wellsville Local School District's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 2021-001, 2021-002, and 2021-004 to be material weaknesses.

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. We consider the deficiency described in the accompany schedule of findings as item 2021-003 to be a significant deficiency.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Wellsville Local School 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2021-001, 2021-002, and 2021-004.

***Wellsville Local School District's Responses to Findings***

The Wellsville Local School District's responses to the findings identified in our audit are described in the accompanying corrective action plan. The Wellsville Local School District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Wellsville Local School 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 Wellsville Local School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
September 5, 2022

**Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance**

Wellsville Local School District  
Columbiana County  
929 Center Street  
Wellsville, Ohio 43968

To the Board of Education:

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

We have audited the Wellsville Local School District's compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Wellsville Local School District's major federal programs for the fiscal year ended June 30, 2021. The Wellsville Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Wellsville Local School District's compliance.

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

In our opinion, the Wellsville Local School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2021.



***Report on Internal Control over Compliance***

Management of the Wellsville Local School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Wellsville Local School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Wellsville Local School District's internal control over compliance.

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

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

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



Julian & Grube, Inc.  
September 5, 2022

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Title I Grants to Local Educational Agencies (ALN 84.010)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	Yes

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

<b>2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2021-001

Material Weakness/Noncompliance – Purchase Orders

Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

Of the expenditures tested, the District had approximately 45% that were not timely certified.

Without timely certification, the District may expend more funds than available in the treasury, in the process of collection or in the funds appropriated. It may also result in unnecessary purchases.

We recommend that all orders or contracts involving the expenditure of money be issued and timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. Additionally, the District may also use a “Then & Now” certification to approve a purchase order, when applicable.

Finding Number	2021-002
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Material Weakness/Noncompliance – Fund Balances

Ohio Revised Code Section 5705.10 in part requires that on a cash basis, no fund shall have a negative fund balance during the fiscal year or at fiscal year-end. However, Ohio Revised Code 3315.20 provides an allowable exception for school districts, if all the following have been met:

- The school district has a request for payment pending with the state sufficient to cover the amount of the deficit,
- There is a reasonable likelihood that the payment will be made, and
- The unspent and unencumbered balance in the school district’s general fund is greater than the aggregate of deficit amounts in all of the school district’s special funds.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

<b>2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)</b>	
Finding Number	2021-002 – (Continued)

The District had negative cash fund balances during the fiscal year and at fiscal year end. As noted above and Ohio Revised Code Section 3315.20 (if applicable) exceptions were not met in the following funds:

Nonmajor Governmental Fund	Month	Amount
Food service	October 2020	\$ 54,143
Public school preschool	October 2020	14,010
Elementary and secondary school emergency relief	October 2020	10,934
Coronavirus relief	October 2020	7,480
IDEA, Part B	October 2020	42,401
School improvement stimulus A	October 2020	4,750
Title I	October 2020	80,090
Supporting effective instruction	October 2020	20,324
Miscellaneous federal grants	October 2020	5,305
District managed student activities	April 2021	4,272
Elementary and secondary school emergency relief	April 2021	26,632
IDEA, Part B	April 2021	88,139
School improvement stimulus A	April 2021	7,749
Title I	April 2021	213,135
Supporting effective instruction	April 2021	49,840
Miscellaneous federal grants	April 2021	23,132
District managed student activities	June 2021	5,320
Public school preschool	June 2021	1,358
IDEA, Part B	June 2021	48,350
School improvement stimulus A	June 2021	4,797
Title I	June 2021	71,530
Supporting effective instruction	June 2021	5,130
Miscellaneous federal grants	June 2021	8,028

By having a negative fund balance, these funds have spent other funds' balances. This could indicate insufficient monitoring of appropriations and related expenditures and continual review of cash management. No fund should have a negative cash fund balance throughout the fiscal year or at fiscal year-end, unless the allowable exceptions noted above are met.

We recommend the District properly expend monies only after funds have been received and subsequent to proper appropriation. If funds are anticipated, but not yet received and expenditures are necessary, the District should advance funds from the general fund with proper Board approval. Additionally, the District should monitor the cash balances within its grant funds and draw down monies more timely to meet its immediate cash needs. We also recommend the District utilize its accounting software program to its fullest and continually review relevant reports to assist in preventing negative fund balances.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

<b>2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)</b>	
Finding Number	2021-003

Significant Deficiency - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Presentation of materially correct financial statements and the related footnotes is the responsibility of management. This responsibility remains intact even if management decides to outsource this function for efficiency purposes or any other reason. In either case, it is important that control procedures are developed related to the financial statements that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes. In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made.

An adjustment was made to properly record the current fiscal year principal and interest retirements associated with the 2019 stadium lease purchase agreement that were originally recorded as paid from the general fund, to the permanent improvement fund, the fund from which the District initially planned for the disbursements to be paid. The audited financial statements and the District’s accounting system have been adjusted for this re-classification.

Control procedures not properly developed related to the financial statements limit management’s ability to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes. Additionally, management will not have the necessary information to make timely and well-informed business decisions.

We recommend the District implement additional review procedures that enable management to more timely prevent or detect and correct potential misstatements in the financial statements and related notes prior to presenting them to the auditors. A second review of the budgetary activity and financial statements by someone other than the individual preparing them would be beneficial. The District should also periodically review its debt obligations to ensure they are being paid out of the intended fund and comply with the requirements of the debt agreements.

Finding Number	2021-004
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Material Weakness/Noncompliance – Retirement Contributions and Payroll Controls

Pursuant to Ohio Revised Code Sections 3307.26(A)(5), 3307.26(C), and 3307.28, in part, each State Teachers Retirement System (STRS) contributor shall contribute employee and employer contributions, deducted by the employer on each payroll in an amount equal to the applicable percent of the teachers’ paid qualifying compensation subject to contribution for such payroll period or other period as the board may approve, based upon the contributor’s compensation to the employees’ savings fund. Currently, the employee and employer contribution rates required to be remitted to STRS of Ohio are each 14%, respectively. Pursuant to Ohio Revised Code Section 3307.292, in part, penalties and interest may be assessed to employers who fail to transmit to the STRS the contributions required under Sections 3307.26 and 3307.28 of the Ohio Revised Code.

**WELLSVILLE LOCAL SCHOOL DISTRICT  
COLUMBIANA COUNTY, OHIO**

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

**2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)**

Finding Number	2021-004 – (Continued)
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Additionally, pursuant to Ohio Revised Code Sections 3309.23(A)(1), 3309.47, and 3309.49, in part, each School Employees Retirement System (SERS) contributor shall contribute employee and employer contributions, deducted by the employer from the compensation of each contributor on each payroll of such contributor for each payroll period and shall be an amount equal to the required percent of such contributor’s compensation subject to SERS contributions, based upon the contributor’s compensation to the employees’ savings fund. Currently, the employee and employer contribution rates required to be remitted to SERS of Ohio are 10% and 14%, respectively. Pursuant to Ohio Revised Code Section 3309.571, in part, penalties and interest may be assessed to employers who fail to transmit to the SERS the contributions required under Sections 3309.47 and 3309.49 of the Ohio Revised Code.

Additionally, payroll processing controls should be in place to ensure all monies associated with an employee’s pay are properly accounted, are paid in accordance with approved agreements, and withholdings are accurate and timely remitted.

The District has certain payroll controls in place to determine employee pays and associated withholdings are accurate. While employee gross pay calculations appeared reasonable and proper, it was noted that there were discrepancies associated with the withholding amounts for retirement as well as contribution amounts paid to both STRS and SERS of Ohio. Employee and employer portions of retirement withholdings were not properly withheld for all wages subject to retirement contributions for multiple employees enrolled in STRS and SERS. In addition, instances were noted in which the District’s payroll software did not have the proper contribution percentages set for various employees. This resulted in the District underpaying the correct amounts to the STRS and SERS of Ohio pension systems for multiple employees as well as underpaying employer shares on behalf of these employees for qualifying contributions. The amounts owed to the STRS and SERS of Ohio pension systems for both the employee and employer portions, excluding any potential penalties and interest that may be assessed, are \$36,214 and \$22,140, respectively.

By not properly withholding employee and employer amounts for retirement and ultimately not paying the full retirement contributions owed by the District, employees of the District are at risk of not receiving full retirement benefits to which they are entitled as well as the District facing possible penalties and interest for not remitting proper contributions to the respective retirement systems.

We recommend the District implement additional procedures and controls to perform a more complete review of the retirement withholding and contribution process by having a second review to ensure members are receiving full retirement benefits they are entitled to receive. These additional procedures and reviews will help ensure payments to the retirement system on behalf of employees and owed by the District are accurate and potential penalties and interest will not be assessed.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



# WELLSVILLE LOCAL SCHOOL DISTRICT

929 Center Street, Wellsville OH 43968  
Richard Bereschik, Superintendent

Phone 330-532-2643 Fax 330-532-6204  
Marcy J. Thompson, Treasurer/CFO

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

<u>Finding Number</u>	<u>Year Initially Occurred</u>	<u>Finding Summary</u>	<u>Status</u>	<u>Additional Information</u>
2020-001	2020	<u>Significant Deficiency – Financial Statement Presentation</u> - Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. An adjustment was made to properly report financial statement activity.	Not Corrected	Finding repeated as 2021-003 as transactions were not closely monitored prior to filing the current year report.
2020-002	2020	<u>Significant Deficiency – Payroll Controls</u> - Payroll processing controls should be in place to ensure all monies associated with an employee’s pay are properly accounted, are paid in accordance with approved agreements and withholdings are accurate and timely remitted. Discrepancies associated with both employee withheld insurance premiums and the number of employees for which the District was paying premiums to the Portage Area School Consortium were noted resulting in the District overpaying for insurance premiums.	Fully Corrected and Repaid	Repaid as of November 29, 2021.



# WELLSVILLE LOCAL SCHOOL DISTRICT

929 Center Street, Wellsville OH 43968  
Richard Bereschik, Superintendent

Phone 330-532-2643 Fax 330-532-6204  
Marcy J. Thompson, Treasurer/CFO

## CORRECTIVE ACTION PLAN 2CFR §200.511(c) June 30, 2021

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2021-001	<b><u>Material Weakness/Noncompliance – Purchase Orders</u></b>  In lieu of multiple Purchase Orders being issued throughout the fiscal year, I am issuing blanket purchase orders for reoccurring monthly expenditures. I will also mandate the use of the Strategic Solutions software (SCView) which aids in identifying Then & Now's so I can certify them when they occur. I have also had a conversation with the Assistant Treasurer on the importance of timely issuance of purchase orders in regards to invoice processing. I am working toward having this issue resolved by the end of FY2023, as the Assistant Treasurer was not being consistent with processing the invoices through Strategic Solutions software.	June 30, 2023	Marcy Thompson
2021-002	<b><u>Material Weakness/Noncompliance – Fund Balances</u></b>  I am currently trying to request all federal fund deficits by the last day of every month and have the supporting documentation for each request on file. At the end of the fiscal year, I plan to advance the negative fund balances from General Fund to those federal funds and return those amounts upon the receipt of those requests.	June 30, 2023	Marcy Thompson
2021-003	<b><u>Significant Deficiency – Financial Statement Presentation</u></b>  Controls will be put into place related to the financial statements to allow, prevent and identify potential misstatement of the financial statements. This will give the ability for management to view and correct any errors in the financial statements prior to being presented to the auditors.	June 30, 2023	Marcy Thompson





# WELLSVILLE LOCAL SCHOOL DISTRICT

929 Center Street, Wellsville OH 43968  
Richard Bereschik, Superintendent

Phone 330-532-2643 Fax 330-532-6204  
Marcy J. Thompson, Treasurer/CFO

## CORRECTIVE ACTION PLAN 2CFR §200.511(c) June 30, 2021

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
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2021 – 004	<u>Material Weakness/Noncompliance – Retirement Contributions and Payroll Controls</u>		
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I plan to implement additional checks and balances to be certain that retirement contributions are properly withheld being reported to the retirement systems correctly so there will be no additional penalties and interest. The USPSr has multiple reports that can be ran to help ensure that these checks, balances and reporting are accurate.

June 30, 2023

Marcy Thompson

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# OHIO AUDITOR OF STATE KEITH FABER



**WELLSVILLE LOCAL SCHOOL DISTRICT**

**COLUMBIANA COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 5/18/2023**

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)