



OHIO AUDITOR OF STATE
KEITH FABER



**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY
JUNE 30, 2022**

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WAYNE COUNTY
JUNE 30, 2022**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Wooster City School District, Wayne County, Ohio as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 March 16, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 16, 2023

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

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

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

Financial Highlights

Key financial highlights for 2022 are as follows:

- In total, net position increased \$7,382,782 from 2021's net position. Net position of governmental activities increased \$6,021,364 from 2021's net position. Business-type activities net position increased \$1,361,418 from 2021.
- For the governmental activities, general revenues accounted for \$49,419,328 in revenue or 88.81% of total revenues. For the governmental activities, program specific revenues in the form of charges for services and sales, operating grants and contributions accounted for \$6,224,324 or 11.19% of total revenues.
- Total revenues for fiscal year 2022 were \$58,748,178. Of this total, \$55,643,652 was reported in the governmental activities and \$3,104,526 in the business-type activities.
- The District had \$49,590,372 in expenses related to governmental activities; only \$6,224,324 of these expenses was offset by program specific charges for services, operating/capital grants or contributions resulting in a net cost of \$43,366,048 for the District. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$49,419,328 were adequate to provide for these programs. The governmental activities transferred \$31,916 to the business-type activities.
- The District's major governmental fund is the general fund. The general fund had \$50,795,845 in revenues and other financing sources and \$48,553,428 in expenditures and other financing uses. During fiscal year 2022, the general fund's fund balance increased \$2,242,417 from a balance of \$42,514,786 to \$44,757,203.
- The District had no major enterprise funds for fiscal year 2022.

Using this Annual Financial Report

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

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

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2022?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current fund's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 14 and the analysis of the District's enterprise funds begins on page 15. Fund financial reports provide detailed information about the District's major funds.

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

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

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

Governmental Funds

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

Proprietary Funds

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

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in a custodial fund. The District's fiduciary activities reported no activity in fiscal year 2022. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 31-74.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability. The required supplementary information can be found on pages 76-94 of this report.

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

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

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for 2022 and 2021. Certain amounts in governmental activities have been restated as described in Note 3.A.

	Net Position					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2022	Restated 2021	2022	2021	2022	Restated 2021
<u>Assets</u>						
Current and other assets	\$ 85,966,987	\$ 82,303,367	\$ 1,099,174	\$ 96,458	\$ 87,066,161	\$ 82,399,825
Net OPEB asset	3,446,680	2,962,318	23,928	21,637	3,470,608	2,983,955
Capital assets, net	44,129,863	43,722,959	1,137,464	1,183,179	45,267,327	44,906,138
Total assets	<u>133,543,530</u>	<u>128,900,190</u>	<u>2,260,566</u>	<u>1,301,274</u>	<u>135,804,096</u>	<u>130,289,918</u>
<u>Deferred outflows</u>						
Pension	10,929,289	9,734,285	245,038	245,357	11,174,327	9,979,642
OPEB	<u>1,391,852</u>	<u>1,696,694</u>	<u>132,399</u>	<u>107,965</u>	<u>1,524,251</u>	<u>1,804,659</u>
Total deferred outflows	<u>12,321,141</u>	<u>11,430,979</u>	<u>377,437</u>	<u>353,322</u>	<u>12,698,578</u>	<u>11,784,301</u>
<u>Liabilities</u>						
Current liabilities	9,072,459	8,296,057	388,165	307,111	9,460,624	8,603,168
Long-term liabilities						
Due within one year	416,061	451,554	2,250	37,328	418,311	488,882
Due in more than one year						
Net pension liability	27,796,997	53,259,406	843,069	1,450,941	28,640,066	54,710,347
Net OPEB liability	3,651,370	4,187,269	369,588	387,005	4,020,958	4,574,274
Other amounts	<u>3,837,429</u>	<u>3,020,680</u>	<u>72,298</u>	<u>36,416</u>	<u>3,909,727</u>	<u>3,057,096</u>
Total liabilities	<u>44,774,316</u>	<u>69,214,966</u>	<u>1,675,370</u>	<u>2,218,801</u>	<u>46,449,686</u>	<u>71,433,767</u>
<u>Deferred inflows</u>						
Property taxes	29,436,083	28,541,594	-	-	29,436,083	28,541,594
Lease	86,003	88,454	-	-	86,003	88,454
Pension	23,181,692	602,057	1,126,343	954,618	24,308,035	1,556,675
OPEB	<u>6,141,560</u>	<u>5,748,899</u>	<u>408,286</u>	<u>414,591</u>	<u>6,549,846</u>	<u>6,163,490</u>
Total deferred inflows	<u>58,845,338</u>	<u>34,892,550</u>	<u>1,534,629</u>	<u>1,369,209</u>	<u>60,379,967</u>	<u>36,350,213</u>
<u>Net position</u>						
Net investment in capital assets	43,673,602	43,172,787	1,137,464	1,183,179	44,811,066	44,355,966
Restricted	2,276,161	2,590,615	-	-	2,276,161	2,590,615
Unrestricted (deficit)	<u>(3,704,746)</u>	<u>(9,539,749)</u>	<u>(1,709,460)</u>	<u>(3,116,593)</u>	<u>(5,414,206)</u>	<u>(12,656,342)</u>
Total net position (deficit)	<u>\$ 42,245,017</u>	<u>\$ 36,223,653</u>	<u>\$ (571,996)</u>	<u>\$ (1,933,414)</u>	<u>\$ 41,673,021</u>	<u>\$ 34,290,239</u>

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

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

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

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

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

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

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

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

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

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

During fiscal year 2022, capital assets, net increased as additions of \$2,612,860 exceeded depreciation/amortization expense of \$2,248,204 and disposals, net of \$3,467. Current and other assets increased due primarily to an increase in equity in pooled cash and cash equivalents as a result of current year operations.

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

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

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

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

Current liabilities increased mainly due to an increase in accrued wages and benefits payable due to an additional payroll being included in the amount for June 30, 2022. Additionally, the District had contracts and retainage payable for a partial new roof and HVAC renovations. Long-term liabilities decreased primarily due to a decrease in the net pension liability. This liability is outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it’s the pension systems that collect, hold and distribute pensions and OPEB to District employees, not the District.

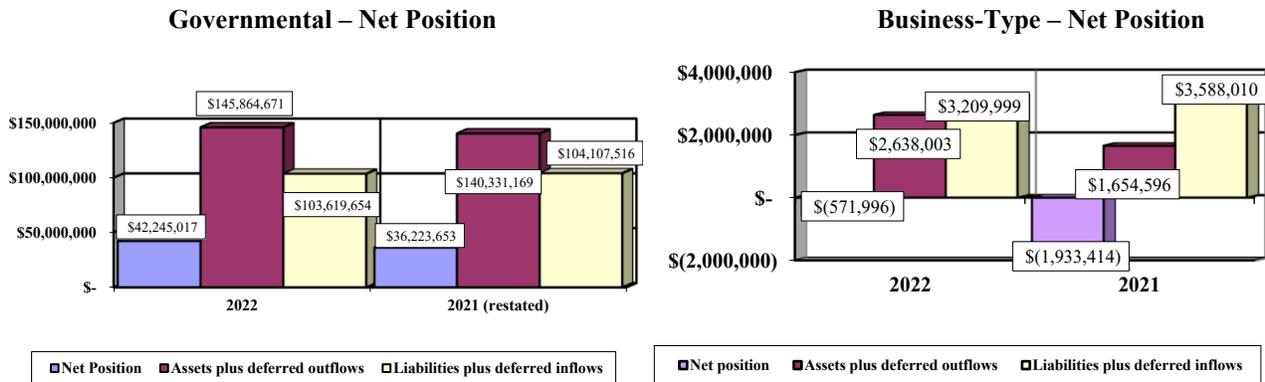
The net pension liability decreased \$26,070,281 or 47.65% and deferred inflows of resources related to pension increased \$22,751,360 or 1,461.54%. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Net investment income on investments at both pension systems exceeded estimates for the fiscal year 2021 measurement that are used for the fiscal year 2022 reporting which cause a large increase in fiduciary net position.

Over time, net position can serve as a useful indicator of a government’s financial position. At June 30, 2022, the District’s assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$41,673,021. Of this total, \$2,276,161 is restricted in use.

At year-end, capital assets represented 33.33% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture, equipment, and vehicles, infrastructure, intangible right to use assets, and an ice arena. The net investment in capital assets at June 30, 2022, was \$44,811,066. These capital assets are used to provide services to the students and are not available for future spending. Although the District’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District’s net position, \$2,276,161, 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 \$5,414,206, which is primarily caused by the reporting of the net pension liability described on page 9.

The graphs below show the assets plus deferred outflows, liabilities plus deferred inflows and net position of the governmental activities and business-type activities at June 30, 2022 and 2021.



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

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

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

Change in Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues						
Program revenues:						
Charges for services and sales	\$ 822,214	\$ 1,463,625	\$ 476,310	\$ 386,295	\$ 1,298,524	\$ 1,849,920
Operating grants and contributions	5,402,110	5,620,507	2,620,603	1,129,344	8,022,713	6,749,851
Capital grants and contributions	-	33,546	-	-	-	33,546
General revenues:						
Property taxes	36,193,160	32,940,894	-	-	36,193,160	32,940,894
Grants and entitlements	13,016,554	14,595,592	-	-	13,016,554	14,595,592
Investment earnings	106,528	281,106	1,682	7,544	108,210	288,650
Other	103,086	104,567	5,931	1,586	109,017	106,153
Total revenues	<u>55,643,652</u>	<u>55,039,837</u>	<u>3,104,526</u>	<u>1,524,769</u>	<u>58,748,178</u>	<u>56,564,606</u>
Expenses						
Program expenses:						
Instruction:						
Regular	19,561,268	22,488,396	-	-	19,561,268	22,488,396
Special	8,994,260	9,581,570	-	-	8,994,260	9,581,570
Vocational	169,193	136,139	-	-	169,193	136,139
Other	830,074	3,271,209	-	-	830,074	3,271,209
Support services:						
Pupil	2,926,911	3,155,982	-	-	2,926,911	3,155,982
Instructional staff	1,113,742	1,290,454	-	-	1,113,742	1,290,454
Board of education	157,190	258,703	-	-	157,190	258,703
Administration	3,613,145	3,540,842	-	-	3,613,145	3,540,842
Fiscal	1,140,084	1,081,480	-	-	1,140,084	1,081,480
Business	164,404	160,650	-	-	164,404	160,650
Operations and maintenance	5,549,708	6,338,335	-	-	5,549,708	6,338,335
Pupil transportation	2,401,710	2,268,920	-	-	2,401,710	2,268,920
Central	545,941	686,835	-	-	545,941	686,835
Operation of non-instructional services	1,144,743	1,364,934	-	-	1,144,743	1,364,934
Extracurricular activities	1,173,995	1,023,578	-	-	1,173,995	1,023,578
Depreciation expense not included in other functions	90,356	90,357	-	-	90,356	90,357
Interest and fiscal charges	13,648	4,188	-	-	13,648	4,188
Food service	-	-	1,680,160	1,459,096	1,680,160	1,459,096
Uniform school supplies	-	-	5,878	1,292	5,878	1,292
Recreation Center	-	-	137,146	153,826	137,146	153,826
Education costs for outside entities	-	-	(176,205)	(363,753)	(176,205)	(363,753)
Before/after school child care	-	-	128,045	109,306	128,045	109,306
Total expenses	<u>49,590,372</u>	<u>56,742,572</u>	<u>1,775,024</u>	<u>1,359,767</u>	<u>51,365,396</u>	<u>58,102,339</u>
Transfers	(31,916)	1,166,542	31,916	(1,166,542)	-	-
Changes in net position	6,021,364	(536,193)	1,361,418	(1,001,540)	7,382,782	(1,537,733)
Net position (deficit) at beginning of year	<u>36,223,653</u>	<u>36,759,846</u>	<u>(1,933,414)</u>	<u>(931,874)</u>	<u>34,290,239</u>	<u>35,827,972</u>
Net position (deficit) at end of year	<u>\$ 42,245,017</u>	<u>\$ 36,223,653</u>	<u>\$ (571,996)</u>	<u>\$ (1,933,414)</u>	<u>\$ 41,673,021</u>	<u>\$ 34,290,239</u>

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

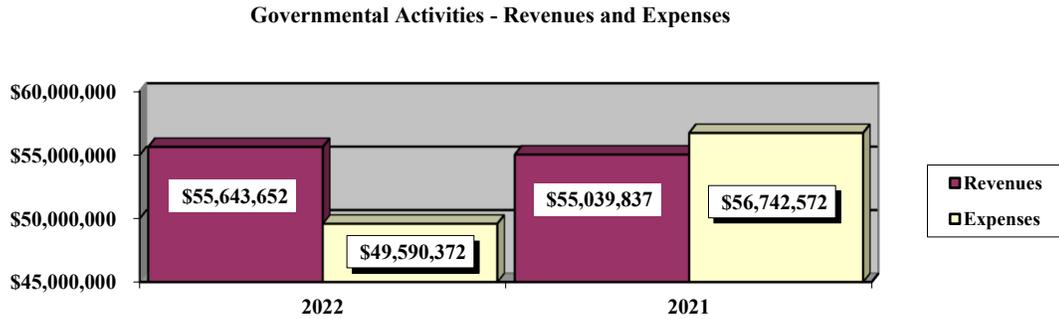
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Governmental Activities

For fiscal year 2022, the net position of the District's governmental activities increased \$6,021,364 from 2021's net position. Total governmental expenses of \$49,590,372 were offset by program revenues of \$6,224,324 and general revenues of \$49,419,328 were adequate to provide for these activities. Program revenues supported 12.55% of the total governmental expenses. Program revenues decreased \$893,354 or 12.55% primarily due to decreased charges for services caused by decreased open enrollment tuition.

Overall, expenses of the governmental activities decreased \$7,152,200 or 12.60%. This decrease is primarily the result of a decrease in pension expense. Pension expense decreased approximately \$7,530,038. This decrease was the result of a decrease in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to an increase in net investment income on investments compared to previous years.

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



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

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

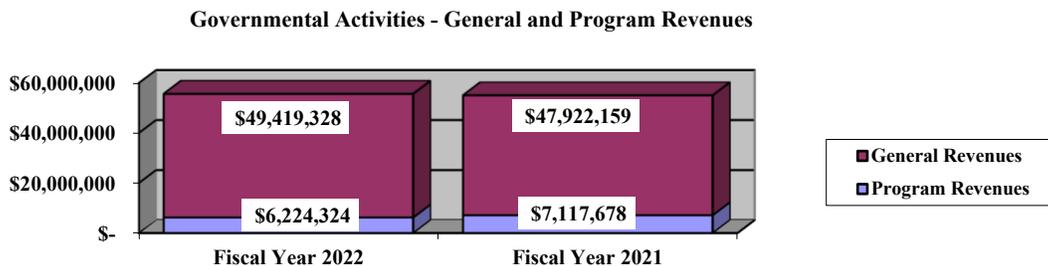
The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2022 and 2021. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
Program expenses:				
Instruction:				
Regular	\$ 19,561,268	\$ 19,238,684	\$ 22,488,396	\$ 21,105,257
Special	8,994,260	6,014,446	9,581,570	6,703,448
Vocational	169,193	104,884	136,139	48,136
Other	830,074	699,368	3,271,209	3,220,790
Support services:				
Pupil	2,926,911	2,488,913	3,155,982	2,269,907
Instructional staff	1,113,742	1,000,955	1,290,454	852,523
Board of education	157,190	157,190	258,703	258,703
Administration	3,613,145	3,573,253	3,540,842	3,493,942
Fiscal	1,140,084	1,123,959	1,081,480	1,058,888
Business	164,404	164,404	160,650	160,650
Operations and maintenance	5,549,708	4,797,302	6,338,335	6,259,350
Pupil transportation	2,401,710	2,119,948	2,268,920	2,118,900
Central	545,941	535,141	686,835	645,352
Operation of non-instructional services	1,144,743	471,149	1,364,934	505,573
Extracurricular activities	1,173,995	772,448	1,023,578	828,930
Depreciation expense not included in other functions	90,356	90,356	90,357	90,357
Interest and fiscal charges	13,648	13,648	4,188	4,188
Total expenses	\$ 49,590,372	\$ 43,366,048	\$ 56,742,572	\$ 49,624,894

The dependence upon tax revenues during fiscal year 2022 for governmental activities is apparent, as 88.17% of 2022 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 87.45%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, are the primary support for District's students.

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



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

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

Business-type Activities

Business-type activities include food service operation, uniform school supplies, recreation center, education costs for outside entities, and before/after school child care program. These programs had revenues of \$3,104,526 and expenses of \$1,775,024 for fiscal year 2022. The enterprise funds received a transfer of \$31,916 from governmental activities during fiscal year 2022. Management reviews these programs to develop policies to allow these services to become self-supporting, exclusive of the impact of the reporting related to GASB 68 and GASB 75 as previously discussed.

The District's largest business-type activities are food service and education costs for outside entities operations. Food service operations had \$41,452 in charges for services and sales, \$2,620,603 in operating grants and contributions and had total expenses of \$1,680,160. Food service program revenues were sufficient to support food service expenses by \$981,895. Education costs for outside entities had \$206,823 in charges for services and sales and had total expenses of a credit of \$176,205 as a result of a decrease in the net pension liability. Education costs for outside entities program revenues were sufficient to support expenses by \$383,028.

The District's Funds

Governmental Funds

The District's governmental funds (as presented on the balance sheet on page 22) reported a combined fund balance of \$46,293,752, which is more than last year's fund total of \$43,657,039.

The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2022 and 2021.

	<u>Fund Balance</u> <u>June 30, 2022</u>	<u>Fund Balance</u> <u>June 30, 2021</u>	<u>Change</u>
General	\$ 44,757,203	\$ 42,514,786	\$ 2,242,417
Other governmental	<u>1,536,549</u>	<u>1,142,253</u>	<u>394,296</u>
Total	<u>\$ 46,293,752</u>	<u>\$ 43,657,039</u>	<u>\$ 2,636,713</u>

General Fund

The District's general fund balance increased \$2,242,417. The table that follows assists in illustrating the revenues of the general fund.

	<u>2022</u> <u>Amount</u>	<u>2021</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Property and other taxes	\$ 34,385,348	\$ 32,010,617	\$ 2,374,731	7.42 %
Intergovernmental	15,335,462	16,392,825	(1,057,363)	(6.45) %
Investment earnings	95,153	273,658	(178,505)	(65.23) %
Tuition and fees	447,332	1,253,787	(806,455)	(64.32) %
Other revenues	<u>163,752</u>	<u>190,976</u>	<u>(27,224)</u>	<u>(14.26) %</u>
Total	<u>\$ 50,427,047</u>	<u>\$ 50,121,863</u>	<u>\$ 305,184</u>	<u>0.61 %</u>

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

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

Property and other taxes revenue increased \$2,374,731. Property taxes collected and available as advance are recognized as revenue in the year the District could draw on these advances rather than when cash is received. The amounts that were available as advance were \$4,605,535, \$3,422,858, and \$1,735,000 at June 30, 2022, 2021, and 2020, respectively. Fluctuations in the amounts collected and available as advance will impact property tax revenues reported for the respective fiscal year. Actual general fund tax receipts (cash-basis) for fiscal year 2022 and 2021 were \$33,202,671 and \$30,322,759, respectively. Intergovernmental revenues decreased \$1,057,363 or 6.45% due to decreased revenue from the State of Ohio in the form of foundation payments. Investment earnings decreased \$178,505 or 65.23% due to decreased interest rates on investments. Tuition and fees revenues decreased \$806,455 or 64.32% due primarily to decreased open enrollment from the prior year. All other revenues remained comparable to the prior year or changed an insignificant amount.

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

	2022 <u>Amount</u>	2021 <u>Amount</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
<u>Expenditures</u>				
Instruction	\$ 29,657,739	\$ 30,814,006	\$ (1,156,267)	(3.75) %
Support services	15,513,089	15,185,995	327,094	2.15 %
Operation of non-instructional services	474,680	431,544	43,136	10.00 %
Extracurricular activities	810,247	685,046	125,201	18.28 %
Facilities acquisition and construction	1,451,363	24,625	1,426,738	5,793.86 %
Capital outlay	368,798	-	368,798	(100.00) %
Debt service	<u>89,365</u>	<u>122,400</u>	<u>(33,035)</u>	(26.99) %
Total	<u>\$ 48,365,281</u>	<u>\$ 47,263,616</u>	<u>\$ 1,101,665</u>	2.33 %

In total, expenditures increased 2.33% from 2021 primarily due to normal and customary wage and benefit increases. Extracurricular activities expense increased due to more participation in activities. Facilities acquisition and construction increased due to the District undergoing more capital related projects. Capital outlay increased due to the District entering into a new lease for copier equipment in the fiscal year. All other expenditures remained comparable to the prior fiscal year or changed an insignificant amount.

Nonmajor Governmental Funds

The nonmajor governmental funds had \$5,860,940 in revenues and other financing sources and \$5,466,644 in expenditures. During fiscal 2022, the nonmajor governmental fund's fund balance increased \$394,296 from \$1,142,253 to \$1,536,549.

Enterprise Funds

The District's enterprise funds reported operating revenues of \$482,241, operating expenses of \$1,775,024, and nonoperating revenues of \$2,622,285. The enterprise funds also reported a transfer in of \$31,916. Net position of the enterprise funds increased \$1,361,418 from a deficit of \$1,933,414 to a deficit of \$571,996. The enterprise funds reported an operating loss of \$1,292,783.

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

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

General Fund Budgeting Highlights

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

For the general fund, the final budgeted revenue and other financing sources were \$49,419,142. The original budgeted revenue and other financing sources were \$49,768,200. Actual revenue and other financing sources were \$50,149,632. The difference between the final budgeted revenues and other financing sources and the actual revenues and other financing sources was \$730,490. The difference between the original and final budget of \$349,058 was primarily due to anticipated decreased collections of property taxes.

Total actual expenditures and other financing uses on the budget basis (cash outlays plus encumbrances) were \$51,518,131. This amount was \$911,282 less than the final budgeted amount (appropriations plus prior year encumbrances) primarily due to an overestimation of regular instruction expenditures. The final budgeted expenditures and other financing uses and the original budgeted amount were \$52,429,413 and \$52,399,413, respectively. Overall, fund balance on the budget basis decreased \$1,368,499 over the prior year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2022, the District had \$45,267,327 invested in land, construction in progress, land improvements, buildings and improvements, furniture, equipment, and vehicles, infrastructure, intangible right to use assets, and ice arena. Of this total, \$44,129,863 was reported in governmental activities and \$1,137,464 was reported in business-type activities.

The table below shows fiscal 2022 balances compared to 2021:

Capital Assets at June 30 (Net of Depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2021</u>	<u>2020</u>
Land	\$ 3,878,985	\$ 2,427,622	\$ -	\$ -	\$ 3,878,985	\$ 2,427,622
Construction in progress	1,513,403	938,920	-	-	1,513,403	938,920
Land improvements	162,622	391,966	-	-	162,622	391,966
Buildings and improvements	31,703,609	32,854,344	1,132,471	1,183,179	32,836,080	34,037,523
Furniture, equipment, and vehicles	3,847,498	4,292,294	4,993	-	3,852,491	4,292,294
Infrastructure	96,600	107,128	-	-	96,600	107,128
Intangible right to use:						
Leased equipment	306,817	-	-	-	306,817	-
Ice arena	<u>2,620,329</u>	<u>2,710,685</u>	<u>-</u>	<u>-</u>	<u>2,620,329</u>	<u>2,710,685</u>
Total	<u>\$ 44,129,863</u>	<u>\$ 43,722,959</u>	<u>\$ 1,137,464</u>	<u>\$ 1,183,179</u>	<u>\$ 45,267,327</u>	<u>\$ 44,906,138</u>

During fiscal year 2022, capital assets, net increased \$361,189 as additions of \$2,612,860 exceeded depreciation/amortization expense of \$2,248,204 and disposals, net of \$3,467. See Note 7 to the basic financial statements for more detail on the District's capital assets.

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

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

Debt Administration

At June 30, 2022, the District has \$311,274 in long-term debt outstanding. Of this amount, \$71,604 is due within one year and \$239,670 is due in more than one year. The following table summarizes outstanding long-term debt:

Outstanding Debt, at Year End

	Governmental Activities 2022	Governmental Activities 2021
Long Term Debt:		
Lease payable	\$ 311,274	\$ 19,231

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

Current Financial Related Activities

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

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

Thus, the District's dependency upon property taxes is hampered by a lack of revenue growth and requires regular return to the voters to maintain a constant level of service. Property taxes made up 65.04% of revenues for governmental activities for the Wooster City Schools in fiscal year 2022.

The District has been affected by changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. During the summer of 2005, the Ohio legislature approved Ohio House Bill 66, which includes the phased-out elimination of the tangible personal property tax. This affected taxes on all business tangible property and public utility property (telephone companies and railroads) – roughly 20% of the District’s general fund revenues. For fiscal year 2023, this revenue source is expected to provide approximately \$3,255,253 or 6.15%, of the District’s total general fund revenue.

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

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

Contacting the District’s Financial Management

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

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

STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 50,069,127	\$ 1,075,646	\$ 51,144,773
Receivables:			
Property taxes	34,827,586	-	34,827,586
Accounts	17,928	8,242	26,170
Accrued interest	7,864	-	7,864
Intergovernmental	881,681	12,140	893,821
Prepayments	70,160	2,307	72,467
Inventory held for resale	-	6,434	6,434
Internal balance	5,595	(5,595)	-
Net OPEB asset	3,446,680	23,928	3,470,608
Lease receivable	87,046	-	87,046
Capital assets:			
Nondepreciable capital assets	5,392,388	-	5,392,388
Depreciable capital assets, net	38,737,475	1,137,464	39,874,939
Capital assets, net	<u>44,129,863</u>	<u>1,137,464</u>	<u>45,267,327</u>
Total assets	<u>133,543,530</u>	<u>2,260,566</u>	<u>135,804,096</u>
Deferred outflows of resources:			
Pension	10,929,289	245,038	11,174,327
OPEB	1,391,852	132,399	1,524,251
Total deferred outflows of resources	<u>12,321,141</u>	<u>377,437</u>	<u>12,698,578</u>
Liabilities:			
Accounts payable	685,543	214,143	899,686
Contracts payable	113,440	-	113,440
Retainage payable	31,547	-	31,547
Accrued wages and benefits payable	6,565,928	148,321	6,714,249
Intergovernmental payable	896,084	1,746	897,830
Pension and postemployment benefits payable	778,879	23,955	802,834
Accrued interest payable	1,038	-	1,038
Long-term liabilities:			
Due within one year	416,061	2,250	418,311
Due in more than one year:			
Net pension liability	27,796,997	843,069	28,640,066
Net OPEB liability	3,651,370	369,588	4,020,958
Other amounts due in more than one year	3,837,429	72,298	3,909,727
Total liabilities	<u>44,774,316</u>	<u>1,675,370</u>	<u>46,449,686</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	29,436,083	-	29,436,083
Lease	86,003	-	86,003
Pension	23,181,692	1,126,343	24,308,035
OPEB	6,141,560	408,286	6,549,846
Total deferred inflows of resources	<u>58,845,338</u>	<u>1,534,629</u>	<u>60,379,967</u>
Net position:			
Net investment in capital assets	43,673,602	1,137,464	44,811,066
Restricted for:			
Capital projects	1,858,924	-	1,858,924
State funded programs	15,690	-	15,690
Federally funded programs	129,695	-	129,695
Student activities	246,187	-	246,187
Other purposes	25,665	-	25,665
Unrestricted (deficit)	<u>(3,704,746)</u>	<u>(1,709,460)</u>	<u>(5,414,206)</u>
Total net position (deficit)	<u>\$ 42,245,017</u>	<u>\$ (571,996)</u>	<u>\$ 41,673,021</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	Expenses	Program Revenues	
		Charges for Services and Sales	Operating Grants and Contributions
Governmental activities:			
Instruction:			
Regular	\$ 19,561,268	\$ 307,967	\$ 14,617
Special	8,994,260	126,042	2,853,772
Vocational	169,193	-	64,309
Other	830,074	-	130,706
Support services:			
Pupil	2,926,911	-	437,998
Instructional staff	1,113,742	1,119	111,668
Board of education	157,190	-	-
Administration	3,613,145	3,395	36,497
Fiscal	1,140,084	-	16,125
Business	164,404	-	-
Operations and maintenance	5,549,708	5,276	747,130
Pupil transportation	2,401,710	-	281,762
Central	545,941	-	10,800
Other non-instructional services	1,144,743	170	673,424
Extracurricular activities	1,173,995	378,245	23,302
Depreciation expense not included in other functions (see Note 7)	90,356	-	-
Interest and fiscal charges	13,648	-	-
Total governmental activities	49,590,372	822,214	5,402,110
Business-type activities:			
Food service	1,680,160	41,452	2,620,603
Uniform school supplies	5,878	569	-
Education costs for outside entities	(176,205)	206,823	-
Recreation center	137,146	102,721	-
Before/after school child care	128,045	124,745	-
Total business-type activities	1,775,024	476,310	2,620,603
Totals	\$ 51,365,396	\$ 1,298,524	\$ 8,022,713

General revenues:

Property taxes levied for:

 General purposes

 Capital outlay

Grants and entitlements not restricted to specific programs

Investment earnings

Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-Type Activities	Total
\$ (19,238,684)	\$ -	\$ (19,238,684)
(6,014,446)	-	(6,014,446)
(104,884)	-	(104,884)
(699,368)	-	(699,368)
(2,488,913)	-	(2,488,913)
(1,000,955)	-	(1,000,955)
(157,190)	-	(157,190)
(3,573,253)	-	(3,573,253)
(1,123,959)	-	(1,123,959)
(164,404)	-	(164,404)
(4,797,302)	-	(4,797,302)
(2,119,948)	-	(2,119,948)
(535,141)	-	(535,141)
(471,149)	-	(471,149)
(772,448)	-	(772,448)
(90,356)	-	(90,356)
(13,648)	-	(13,648)
<u>(43,366,048)</u>	<u>-</u>	<u>(43,366,048)</u>
-	981,895	981,895
-	(5,309)	(5,309)
-	383,028	383,028
-	(34,425)	(34,425)
-	(3,300)	(3,300)
<u>-</u>	<u>1,321,889</u>	<u>1,321,889</u>
<u>(43,366,048)</u>	<u>1,321,889</u>	<u>(42,044,159)</u>
34,452,802	-	34,452,802
1,740,358	-	1,740,358
13,016,554	-	13,016,554
106,528	1,682	108,210
103,086	5,931	109,017
<u>49,419,328</u>	<u>7,613</u>	<u>49,426,941</u>
<u>(31,916)</u>	<u>31,916</u>	<u>-</u>
<u>49,387,412</u>	<u>39,529</u>	<u>49,426,941</u>
6,021,364	1,361,418	7,382,782
<u>36,223,653</u>	<u>(1,933,414)</u>	<u>34,290,239</u>
<u>\$ 42,245,017</u>	<u>\$ (571,996)</u>	<u>\$ 41,673,021</u>

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Nonmajor Governmental Funds	Total Governmental Funds
Assets:			
Equity in pooled cash and cash equivalents	\$ 45,946,101	\$ 4,123,026	\$ 50,069,127
Receivables:			
Property taxes	33,732,136	1,095,450	34,827,586
Accounts	16,298	1,630	17,928
Accrued interest	7,864	-	7,864
Interfund loans	2,264,600	-	2,264,600
Intergovernmental	218,378	663,303	881,681
Prepayments	66,637	3,523	70,160
Lease receivable	87,046	-	87,046
Total assets	\$ 82,339,060	\$ 5,886,932	\$ 88,225,992
Liabilities:			
Accounts payable	\$ 359,957	\$ 325,586	\$ 685,543
Contracts payable	-	113,440	113,440
Retainage payable	-	31,547	31,547
Accrued wages and benefits payable	6,257,992	307,936	6,565,928
Compensated absences payable	54,759	-	54,759
Intergovernmental payable	744,945	151,139	896,084
Pension and postemployment benefits payable	750,278	28,601	778,879
Interfund loans payable	-	2,259,005	2,259,005
Total liabilities	8,167,931	3,217,254	11,385,185
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	28,594,573	841,510	29,436,083
Delinquent property tax revenue not available	532,028	25,815	557,843
Intergovernmental revenue not available	-	265,804	265,804
Accrued interest not available	7,574	-	7,574
Tuition revenue not available	193,748	-	193,748
Lease	86,003	-	86,003
Total deferred inflows of resources	29,413,926	1,133,129	30,547,055
Fund balances:			
Nonspendable:			
Prepays	66,637	3,523	70,160
Restricted:			
Capital improvements	-	1,801,562	1,801,562
Non-public schools	-	16,384	16,384
State funded programs	-	1,662	1,662
Federally funded programs	-	1,998	1,998
Extracurricular	-	246,171	246,171
Other purposes	-	25,634	25,634
Assigned:			
Student instruction	328,486	-	328,486
Student and staff support	1,289,673	-	1,289,673
Extracurricular activities	1,672	-	1,672
Subsequent year's appropriations	6,122,548	-	6,122,548
Other purposes	28,307	-	28,307
Unassigned (deficit)	36,919,880	(560,385)	36,359,495
Total fund balances	44,757,203	1,536,549	46,293,752
Total liabilities, deferred inflows and fund balances	\$ 82,339,060	\$ 5,886,932	\$ 88,225,992

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Total governmental fund balances		\$	46,293,752
<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.			44,129,863
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	557,843	
Accrued interest receivable		7,574	
Intergovernmental receivable		459,552	
Total		1,024,969	1,024,969
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds			(1,038)
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		10,929,289	
Deferred inflows - pension		(23,181,692)	
Net pension liability		(27,796,997)	
Deferred outflows - OPEB		1,391,852	
Deferred inflows - OPEB		(6,141,560)	
Net OPEB asset		3,446,680	
Net OPEB liability		(3,651,370)	
Total		(45,003,798)	(45,003,798)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Capital lease obligations		(311,274)	
Compensated absences		(3,887,457)	
Total		(4,198,731)	(4,198,731)
Net position of governmental activities		\$	42,245,017

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Property taxes	\$ 34,385,348	\$ 1,739,314	\$ 36,124,662
Intergovernmental	15,335,462	3,560,951	18,896,413
Investment earnings	95,153	4,646	99,799
Tuition and fees	447,332	-	447,332
Extracurricular	42,600	354,315	396,915
Rental income	5,276	320	5,596
Charges for services	-	1,088	1,088
Contributions and donations	12,790	43,859	56,649
Miscellaneous	103,086	216	103,302
Total revenues	<u>50,427,047</u>	<u>5,704,709</u>	<u>56,131,756</u>
Expenditures:			
Current:			
Instruction:			
Regular	20,528,204	14,127	20,542,331
Special	8,227,263	1,429,553	9,656,816
Vocational	220,626	-	220,626
Other	681,646	167,202	848,848
Support services:			
Pupil	2,712,471	381,478	3,093,949
Instructional staff	879,242	338,151	1,217,393
Board of education	155,194	-	155,194
Administration	3,726,762	30,353	3,757,115
Fiscal	1,114,978	50,983	1,165,961
Business	171,383	-	171,383
Operations and maintenance	3,859,812	853,578	4,713,390
Pupil transportation	2,339,287	72,007	2,411,294
Central	553,960	10,800	564,760
Other non-instructional services	474,680	749,065	1,223,745
Extracurricular activities	810,247	408,287	1,218,534
Facilities acquisition and construction	1,451,363	961,060	2,412,423
Capital outlay	368,798	-	368,798
Debt service:			
Principal retirement	76,755	-	76,755
Interest and fiscal charges	12,610	-	12,610
Total expenditures	<u>48,365,281</u>	<u>5,466,644</u>	<u>53,831,925</u>
Excess of revenues over (under) expenditures	<u>2,061,766</u>	<u>238,065</u>	<u>2,299,831</u>
Other financing sources (uses):			
Transfers in	-	156,231	156,231
Transfers (out)	(188,147)	-	(188,147)
Lease transaction	368,798	-	368,798
Total other financing sources (uses)	<u>180,651</u>	<u>156,231</u>	<u>336,882</u>
Net change in fund balances	2,242,417	394,296	2,636,713
Fund balances at beginning of year	<u>42,514,786</u>	<u>1,142,253</u>	<u>43,657,039</u>
Fund balances at end of year	<u>\$ 44,757,203</u>	<u>\$ 1,536,549</u>	<u>\$ 46,293,752</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Net change in fund balances - total governmental funds	\$	2,636,713
<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/amortization expense.		
Capital asset additions	\$ 2,607,867	
Current year depreciation/amortization	<u>(2,197,496)</u>	
Total		410,371
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(3,467)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	68,498	
Tuition	(28,717)	
Earnings on investments	7,574	
Intergovernmental	<u>(557,905)</u>	
Total		(510,550)
Repayment of lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		76,755
Issuance of leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(368,798)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
(Increase) in accrued interest payable		(1,038)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	3,880,484	
OPEB	<u>124,343</u>	
Total		4,004,827
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	197,294	
OPEB	<u>198,415</u>	
Total		395,709
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.		
		(619,158)
Change in net position of governmental activities	<u>\$</u>	<u>6,021,364</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 33,497,260	\$ 32,711,002	\$ 33,202,670	\$ 491,668
Intergovernmental	15,383,992	15,022,894	15,248,698	225,804
Investment earnings	135,219	132,045	134,030	1,985
Tuition and fees	451,369	440,775	447,400	6,625
Extracurricular	23,389	22,840	23,183	343
Rental income	7,144	6,976	7,081	105
Miscellaneous	269,827	263,494	267,454	3,960
Total revenues	<u>49,768,200</u>	<u>48,600,026</u>	<u>49,330,516</u>	<u>730,490</u>
Expenditures:				
Current:				
Instruction:				
Regular	21,430,773	20,395,141	20,023,254	371,887
Special	8,421,452	8,048,289	7,901,535	146,754
Vocational	142,970	136,634	134,143	2,491
Other	1,011,192	966,385	948,764	17,621
Support services:				
Pupil	3,069,638	2,933,619	2,880,127	53,492
Instructional staff	997,603	952,969	935,592	17,377
Board of education	202,224	193,263	189,739	3,524
Administration	3,807,043	3,637,880	3,571,546	66,334
Fiscal	1,206,209	1,152,761	1,131,741	21,020
Business	194,865	186,231	182,835	3,396
Operations and maintenance	5,224,125	4,992,605	4,901,569	91,036
Pupil transportation	3,207,965	3,062,971	3,007,120	55,851
Central	621,559	594,017	583,186	10,831
Operation of non-instructional services:				
Other non-instructional services	414,452	395,132	387,927	7,205
Extracurricular activities	874,236	825,368	810,318	15,050
Facilities acquisition and construction	1,573,107	1,503,401	1,475,988	27,413
Total expenditures	<u>52,399,413</u>	<u>49,976,666</u>	<u>49,065,384</u>	<u>911,282</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,631,213)</u>	<u>(1,376,640)</u>	<u>265,132</u>	<u>1,641,772</u>
Other financing sources (uses):				
Refund of prior year's expenditures	-	98,362	98,362	-
Transfers in	-	3,004	3,004	-
Transfers (out)	-	(188,147)	(188,147)	-
Advances in	-	717,750	717,750	-
Advances (out)	-	(2,264,600)	(2,264,600)	-
Total other financing sources (uses)	<u>-</u>	<u>(1,633,631)</u>	<u>(1,633,631)</u>	<u>-</u>
Net change in fund balance	(2,631,213)	(3,010,271)	(1,368,499)	1,641,772
Fund balance at beginning of year	43,639,939	43,639,939	43,639,939	-
Prior year encumbrances appropriated	1,570,563	1,570,563	1,570,563	-
Fund balance at end of year	<u>\$ 42,579,289</u>	<u>\$ 42,200,231</u>	<u>\$ 43,842,003</u>	<u>\$ 1,641,772</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022

	Nonmajor Enterprise Funds
Assets:	
Current assets:	
Equity in pooled cash and cash equivalents	\$ 1,075,646
Receivables:	
Accounts	8,242
Intergovernmental	12,140
Prepayments	2,307
Inventory held for resale	6,434
Total current assets	1,104,769
Noncurrent assets:	
Net OPEB asset	23,928
Depreciable capital assets, net	1,137,464
Total noncurrent assets	1,161,392
Total assets	2,266,161
Deferred outflows of resources:	
Pension	245,038
OPEB	132,399
Total deferred outflows of resources	377,437
Liabilities:	
Current:	
Accounts payable	214,143
Accrued wages and benefits	148,321
Compensated absences	2,250
Pension and postemployment benefits payable	23,955
Interfund loan payable	5,595
Intergovernmental payable	1,746
Total current liabilities	396,010
Long-term liabilities:	
Compensated absences payable	72,298
Net pension liability	843,069
Net OPEB liability	369,588
Total long-term liabilities	1,284,955
Total liabilities	1,680,965
Deferred inflows of resources:	
Pension	1,126,343
OPEB	408,286
Total deferred inflows of resources	1,534,629
Net position:	
Investment in capital assets	1,137,464
Unrestricted	(1,709,460)
Total net position (deficit)	\$ (571,996)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Nonmajor Enterprise Funds</u>
Operating revenues:	
Tuition and fees	\$ 37,768
Sales/charges for services	373,589
Other	5,931
Rental income	64,953
Total operating revenues	<u>482,241</u>
Operating expenses:	
Personal services	627,344
Purchased services	893,092
Materials and supplies	199,446
Other	4,434
Depreciation	50,708
Total operating expenses	<u>1,775,024</u>
Operating (loss)	<u>(1,292,783)</u>
Nonoperating revenues:	
Grants and subsidies	2,490,945
Interest revenue	1,682
Federal donated commodities	129,658
Total nonoperating revenues	<u>2,622,285</u>
Income before transfers	1,329,502
Transfer in	<u>31,916</u>
Change in net position	1,361,418
Net position at beginning of year	<u>(1,933,414)</u>
Net position at end of year	<u>\$ (571,996)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Nonmajor Enterprise Funds</u>
Cash flows from operating activities:	
Cash received from tuition and fees	\$ 37,768
Cash received from sales/charges for services	375,439
Cash received from rentals	65,549
Cash received from other operations	5,931
Cash payments for personal services	(1,103,571)
Cash payments for contractual services	(816,845)
Cash payments for materials and supplies	(64,802)
Cash payments for other expenses	(4,434)
	(1,504,965)
Net cash (used in) operating activities	(1,504,965)
Cash flows from noncapital financing activities:	
Cash received from grants and subsidies	2,478,805
Cash received from transfers in	31,916
Cash received from interfund loans	5,595
Cash used in repayment of interfund loans	(116,000)
	2,400,316
Net cash provided by noncapital financing activities	2,400,316
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(4,993)
	(4,993)
Net cash (used in) capital and related financing activities	(4,993)
Cash flows from investing activities:	
Interest received	1,682
	1,682
Net cash provided by investing activities	1,682
Net increase in cash and cash cash equivalents	892,040
Cash and cash equivalents at beginning of year	183,606
Cash and cash equivalents at end of year	\$ 1,075,646
Reconciliation of operating (loss) to net cash (used in) operating activities:	
Operating (loss)	\$ (1,292,783)
Adjustments:	
Depreciation	50,708
Federal donated commodities	129,658
Changes in assets and liabilities:	
Decrease in accounts receivable	2,128
Decrease in intergovernmental receivable	2,045
(Increase) in prepayments	(171)
Decrease in inventory held for resale	7,867
(Decrease) in net pension liability	(607,872)
(Decrease) in net OPEB liability	(17,417)
(Increase) in net OPEB asset	(2,291)
Decrease in deferred outflows - pensions	319
(Increase) in deferred outflows - OPEBs	(24,434)
Increase in deferred inflows - pensions	171,725
(Decrease) in deferred inflows - OPEBs	(6,305)
Increase in accounts payable	73,684
Increase in accrued wages and benefits	7,475
Increase in intergovernmental payable	150
Increase in compensated absences payable	804
(Decrease) in Pension and postemployment benefits payable	(255)
	(255)
Net cash (used in) operating activities	\$ (1,504,965)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

NOTE 1 - DESCRIPTION OF THE DISTRICT

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

B. Basis of Presentation

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

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

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

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

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

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

C. Fund Accounting

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

GOVERNMENTAL FUNDS

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

The following are the District's major governmental funds:

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

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

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

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

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

PROPRIETARY FUND TYPE

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

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

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. The District does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial fund accounts for monies collected on behalf of and disbursed to the Ohio High School Athletic Association and other Districts. The District's custodial fund had no activity.

D. Measurement Focus

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

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

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

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

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

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

E. Basis of Accounting

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

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

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

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

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease.

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

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

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

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

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

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

F. Cash and Cash Equivalents

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

During fiscal year 2022, investments were limited to nonnegotiable certificates of deposit, Federal Home Loan Bank (FHLB) securities, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, commercial paper, U.S. Treasury notes, U.S. Government money market accounts, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for investments in nonnegotiable CDs and STAR Ohio, investments are reported at fair value which is based on quoted market prices.

In fiscal year 2022, the District invested in STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2022 amounted to \$95,153, which includes \$2,853 assigned from other District funds.

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

G. Inventory

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

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

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

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

H. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. The District had no restricted assets at June 30, 2022.

I. Capital Assets

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

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

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

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

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

J. Interfund Balances

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

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

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

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

K. Compensated Absences

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

1. The employees' rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

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

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

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

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

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

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

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

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

M. Net Position

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

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

N. Fund Balance

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

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

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

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

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

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

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

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

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

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

O. Operating Revenues and Expenses

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

P. Contributions of Capital

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

Q. Interfund Activity

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

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

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

R. Pensions/Other Postemployment Benefits (OPEB)

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2022.

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

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

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

T. Estimates

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

U. Budgetary Data

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

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

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

V. Prepayments

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

W. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. At June 30, 2022, the District had no investments which are at fair value and subject to the fair value measurements. See Note 2.F. for detail on the District's investments.

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

These changes were incorporated in the District's fiscal year 2022 financial statements. The District recognized \$88,454 in governmental activities in leases receivable at July 1, 2021, due to the implementation of GASB 87; however, this entire amount was offset by deferred inflows of resources for leases.

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

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

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

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

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

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

B. Deficit Fund Balances

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

<u>Nonmajor funds</u>	<u>Deficit</u>
Elementary and secondary school emergency relief	\$ 130,493
IDEA Part B	191,637
Title I	235,435
Title IV-A	15

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Deposits with Financial Institutions

At June 30, 2022, the carrying amount of all District deposits, including \$5,250,000 in nonnegotiable certificates of deposit, was \$6,458,459 and the bank balance of all District deposits was \$6,500,179. Of the bank balance, \$5,505,202 was covered by the FDIC, \$497,489 was covered by the Ohio Pooled Collateral System and \$497,488 was exposed to custodial credit risks as described below.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2022, the District's financial institutions were approved for a collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

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

Measurement/ Investment type	Measurement Value	Investment Maturities			
		6 months or less	7 to 12 months	19 to 24 months	Greater than 24 months
<i>Amortized cost:</i>					
STAR Ohio	\$ 26,721,568	\$ 26,721,568	\$ -	\$ -	\$ -
<i>Fair value:</i>					
FFCB	396,764	-	-	-	396,764
FHLMC	1,197,977	-	-	1,197,977	-
FHLB	843,555	-	-	-	843,555
U.S. Treasury notes	1,084,931	-	-	-	1,084,931
Commercial paper	14,429,509	7,142,158	7,287,351	-	-
U.S. Government money market mutual funds	12,010	12,010	-	-	-
Totals	<u>\$ 44,686,314</u>	<u>\$ 33,875,736</u>	<u>\$ 7,287,351</u>	<u>\$ 1,197,977</u>	<u>\$ 2,325,250</u>

The weighted average maturity of investments is 0.36 days.

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities (FFCB, FHLMC, FHLB), U.S. Treasury notes, and commercial paper are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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

Credit Risk: The federal agency securities and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Commercial paper was rated A-1+ and P-1 by Standard & Poor's and Moody's Investor Services, respectively. STAR Ohio and U.S. Government money market mutual funds carry a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities, U.S. Treasury securities, and commercial paper are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

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

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Amortized cost:</i>		
STAR Ohio	\$ 26,721,568	59.80
<i>Fair value:</i>		
FFCB	396,764	0.89
FHLMC	1,197,977	2.68
FHLB	843,555	1.89
U.S. Treasury notes	1,084,931	2.43
Commerical paper	14,429,509	32.29
U.S. Government money market mutual funds	<u>12,010</u>	<u>0.02</u>
Total	<u>\$ 44,686,314</u>	<u>100.00</u>

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported above on the statement of net position as of June 30, 2022:

Cash and investments per note

Carrying amount of deposits	\$ 6,458,459
Investments	<u>44,686,314</u>
Total	<u>\$ 51,144,773</u>

Cash and cash equivalents per statement of net position

Governmental activities	\$ 50,069,127
Business-type activities	<u>1,075,646</u>
Total	<u>\$ 51,144,773</u>

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed values as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Public utility real and personal property taxes received in calendar year 2022 became a lien on December 31, 2020, were levied after April 1, 2021, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Wayne County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount available as an advance at June 30, 2022 was \$4,605,535 in the general fund and \$228,125 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2021 was \$3,422,858 in the general fund and \$182,965 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2022 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

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

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

NOTE 5 - PROPERTY TAXES - (Continued)

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

	2021 Second Half Collections		2022 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 760,568,410	95.44	\$ 759,908,410	95.12
Public utility personal	<u>36,380,380</u>	<u>4.56</u>	<u>38,994,090</u>	<u>4.88</u>
Total	<u>\$ 796,948,790</u>	<u>100.00</u>	<u>\$ 798,902,500</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 79.60		\$ 82.85	

NOTE 6 - RECEIVABLES

A. Intergovernmental Receivables

Receivables at June 30, 2022 consisted of taxes, accounts, accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

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

	<u>Tuition Costs</u>	<u>State and Federal Grants</u>	<u>Other</u>	<u>Total</u>
Governmental activities	\$ 193,748	\$ 666,709	\$ 21,224	\$ 881,681
Business-type activities	<u>-</u>	<u>12,140</u>	<u>-</u>	<u>12,140</u>
Total	<u>\$ 193,748</u>	<u>\$ 678,849</u>	<u>\$ 21,224</u>	<u>\$ 893,821</u>

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

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

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

NOTE 6 – RECEIVABLES - (Continued)

B. Leases Receivable

The District is reporting leases receivable of \$87,046 in the general fund. For fiscal year 2022, the District recognized lease revenue of \$2,451, which is reported in rental income, and interest revenue of \$3,502.

The District has entered into lease agreements for cell towers and building space rental with multiple companies at varying years and terms as follows:

<u>Purpose</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Building space	2017	40	2057	Monthly

Lease payments will be paid into the general fund. The following is a schedule of future lease payments under the lease agreements:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,159	\$ 3,461	\$ 4,620
2024	1,206	3,414	4,620
2025	1,256	3,364	4,620
2026	1,307	3,313	4,620
2027	1,360	3,260	4,620
2028 - 2032	7,678	15,422	23,100
2033 - 2037	9,374	13,726	23,100
2038 - 2042	11,446	11,654	23,100
2043 - 2047	13,976	9,124	23,100
2048 - 2052	17,064	6,036	23,100
2053 - 2057	20,836	2,264	23,100
2058	<u>384</u>	<u>1</u>	<u>385</u>
Total	<u>\$ 87,046</u>	<u>\$ 75,039</u>	<u>\$ 162,085</u>

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

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

NOTE 7 - CAPITAL ASSETS

Governmental activities capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance 06/30/21	Additions	Deductions	Balance 06/30/22
Governmental activities:				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 2,427,622	\$ 1,451,363	\$ -	\$ 3,878,985
Construction in progress	938,920	754,853	(180,370)	1,513,403
Total capital assets, not being depreciated/amortized	<u>3,366,542</u>	<u>2,206,216</u>	<u>(180,370)</u>	<u>5,392,388</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	6,314,667	-	-	6,314,667
Buildings and improvements	59,758,651	-	-	59,758,651
Furniture, equipment, and vehicles	9,364,248	206,327	(320,026)	9,250,549
Infrastructure	216,277	-	-	216,277
Intangible right to use:				
Leased equipment	-	375,694		375,694
Ice arena *	4,517,809	-	-	4,517,809
Total capital assets, being depreciated/amortized	<u>80,171,652</u>	<u>582,021</u>	<u>(320,026)</u>	<u>80,433,647</u>
<i>Less: accumulated depreciation/amortization</i>				
Land improvements	(5,922,701)	(229,344)	-	(6,152,045)
Buildings and improvements	(26,904,307)	(1,150,735)	-	(28,055,042)
Furniture, equipment, and vehicles	(5,071,954)	(647,656)	316,559	(5,403,051)
Infrastructure	(109,149)	(10,528)	-	(119,677)
Intangible right to use:				
Leased equipment	-	(68,877)		(68,877)
Ice arena *	(1,807,124)	(90,356)	-	(1,897,480)
Total accumulated depreciation/amortization	<u>(39,815,235)</u>	<u>(2,197,496)</u>	<u>316,559</u>	<u>(41,696,172)</u>
Governmental activities capital assets, net	<u>\$ 43,722,959</u>	<u>\$ 590,741</u>	<u>\$ (183,837)</u>	<u>\$ 44,129,863</u>

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

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

NOTE 7 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

Instruction:

 Regular \$ 930,882

Support Services:

 Board of education 2,772

 Administration 2,677

 Operations and maintenance of plant 905,305

 Pupil transportation 216,664

 Central 2,467

Operation of non-instructional 500

Extracurricular activities 45,873

Depreciation expense not included
in other functions * 90,356

Total governmental activities \$ 2,197,496

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

Business-type activities capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance 06/30/21	Additions	Deductions	Balance 06/30/22
Business-type activities:				
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	\$ 2,535,383	\$ -	\$ -	\$ 2,535,383
Furniture and equipment	<u>280,409</u>	<u>4,993</u>	<u>(34,040)</u>	<u>251,362</u>
Total capital assets, being depreciated	<u>2,815,792</u>	<u>4,993</u>	<u>(34,040)</u>	<u>2,786,745</u>
<i>Less: accumulated depreciation</i>				
Buildings and improvements	(1,352,204)	(50,708)	-	(1,402,912)
Furniture and equipment	<u>(280,409)</u>	<u>-</u>	<u>34,040</u>	<u>(246,369)</u>
Total accumulated depreciation	<u>(1,632,613)</u>	<u>(50,708)</u>	<u>34,040</u>	<u>(1,649,281)</u>
Business-type activities capital assets, net	<u>\$ 1,183,179</u>	<u>\$ (45,715)</u>	<u>\$ -</u>	<u>\$ 1,137,464</u>

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

Business-type activities:

Recreation center \$ 50,708

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

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

NOTE 8 - LONG-TERM OBLIGATIONS

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

	Balance <u>06/30/21</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>06/30/22</u>	Amount Due Within <u>One Year</u>
<u>Governmental activities:</u>					
Net pension liability:					
STRS	\$ 40,783,836	\$ -	\$ (19,882,435)	\$ 20,901,401	\$ -
SERS	<u>12,475,570</u>	<u>-</u>	<u>(5,579,974)</u>	<u>6,895,596</u>	<u>-</u>
Total net pension liability	<u>53,259,406</u>	<u>-</u>	<u>(25,462,409)</u>	<u>27,796,997</u>	<u>-</u>
Net OPEB liability:					
SERS	<u>4,187,269</u>	<u>-</u>	<u>(535,899)</u>	<u>3,651,370</u>	<u>-</u>
Total net OPEB liability	<u>4,187,269</u>	<u>-</u>	<u>(535,899)</u>	<u>3,651,370</u>	<u>-</u>
Lease payable	19,231	368,798	(76,755)	311,274	71,604
Compensated absences	<u>3,453,003</u>	<u>782,717</u>	<u>(293,504)</u>	<u>3,942,216</u>	<u>344,457</u>
Total long-term obligations	<u>\$ 60,918,909</u>	<u>\$ 1,151,515</u>	<u>\$ (26,368,567)</u>	<u>\$ 35,701,857</u>	<u>\$ 416,061</u>

	Balance <u>06/30/21</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>06/30/22</u>	Amount Due Within <u>One Year</u>
<u>Business-type activities:</u>					
Net pension liability:					
STRS	\$ 297,898	\$ -	\$ (152,793)	\$ 145,105	\$ -
SERS	<u>1,153,043</u>	<u>-</u>	<u>(455,079)</u>	<u>697,964</u>	<u>-</u>
Total net pension liability	<u>1,450,941</u>	<u>-</u>	<u>(607,872)</u>	<u>843,069</u>	<u>-</u>
Net OPEB liability:					
SERS	<u>387,005</u>	<u>-</u>	<u>(17,417)</u>	<u>369,588</u>	<u>-</u>
Total net OPEB liability	<u>387,005</u>	<u>-</u>	<u>(17,417)</u>	<u>369,588</u>	<u>-</u>
Compensated absences	<u>73,744</u>	<u>35,895</u>	<u>(35,091)</u>	<u>74,548</u>	<u>2,250</u>
Total long-term obligations	<u>\$ 1,911,690</u>	<u>\$ 35,895</u>	<u>\$ (660,380)</u>	<u>\$ 1,287,205</u>	<u>\$ 2,250</u>

Net Pension Liability

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

Net OPEB Liability/Asset

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

Compensated Absences

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

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

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

NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)

Leases Payable

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

The District has entered into a lease agreement for copier equipment with the following terms:

<u>Purpose</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Copier equipment	2021	5	2026	Monthly

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 71,604	\$ 11,148	\$ 82,752
2024	74,522	8,230	82,752
2025	77,558	5,194	82,752
2026	80,717	2,035	82,752
2027	6,873	23	6,896
Total	<u>\$ 311,274</u>	<u>\$ 26,630</u>	<u>\$ 337,904</u>

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, 2022, are a voted debt margin of \$71,901,225 (including available funds of \$0) and an unvoted debt margin of \$798,903.

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

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

NOTE 9 - INTERFUND TRANSACTIONS

A. Transfers for the year ended June 30, 2022 consisted of the following as reported on the fund financial statements:

<u>Transfers To</u>	<u>Transfers From</u>
	<u>General</u>
Nonmajor governmental funds	\$ 156,231
Nonmajor enterprise funds	<u>31,916</u>
Total	<u>\$ 188,147</u>

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

B. Interfund loans receivable/payable at June 30, 2022 consisted of the following as reported on the fund financial statements:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 2,264,600	\$ -
Nonmajor governmental funds	-	2,259,005
Nonmajor enterprise funds	<u>-</u>	<u>5,595</u>
Total	<u>\$ 2,264,600</u>	<u>\$ 2,264,600</u>

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

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

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

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

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

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

NOTE 10 - RISK MANAGEMENT - (Continued)

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

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

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

B. Workers' Compensation

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

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

C. Employee Health, Prescription Drug and Dental Insurance

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

NOTE 11 - COMPENSATED ABSENCES

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

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

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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

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

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

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 basis of accounting.

Plan Description - School Employees Retirement System (SERS)

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

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$1,050,035 for fiscal year 2022. Of this amount, \$176,825 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.

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.

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0% to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

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

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

The District's contractually required contribution to STRS was \$2,947,283 for fiscal year 2022. Of this amount, \$489,080 is reported as pension and postemployment benefits payable.

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.206050500%	0.169784200%	
Proportion of the net pension liability current measurement date	<u>0.205803700%</u>	<u>0.164607166%</u>	
Change in proportionate share	<u>-0.000246800%</u>	<u>-0.005177034%</u>	
Proportionate share of the net pension liability	\$ 7,593,560	\$ 21,046,506	\$ 28,640,066
Pension expense	\$ (140,129)	\$ (376,157)	\$ (516,286)

Of the District's total pension expense of (\$516,286), (\$197,294) is reported in the governmental activities and (\$318,992) is reported in the business-type activities.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 733	\$ 650,235	\$ 650,968
Changes of assumptions	159,898	5,838,679	5,998,577
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	66,261	461,203	527,464
Contributions subsequent to the measurement date	<u>1,050,035</u>	<u>2,947,283</u>	<u>3,997,318</u>
Total deferred outflows of resources	<u>\$ 1,276,927</u>	<u>\$ 9,897,400</u>	<u>\$ 11,174,327</u>

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 196,932	\$ 131,917	\$ 328,849
Net difference between projected and actual earnings on pension plan investments	3,910,905	18,138,061	22,048,966
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>99,012</u>	<u>1,831,208</u>	<u>1,930,220</u>
Total deferred inflows of resources	<u>\$ 4,206,849</u>	<u>\$ 20,101,186</u>	<u>\$ 24,308,035</u>

\$3,997,318 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Of the total contributions made subsequent to the measurement date, \$3,880,484 relates to governmental activities and \$116,834 relates to business-type activities.

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

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2023	\$ (985,932)	\$ (3,309,122)	\$ (4,295,054)
2024	(863,744)	(2,907,476)	(3,771,220)
2025	(929,871)	(3,089,356)	(4,019,227)
2026	<u>(1,200,410)</u>	<u>(3,845,115)</u>	<u>(5,045,525)</u>
Total	<u>\$ (3,979,957)</u>	<u>\$ (13,151,069)</u>	<u>\$ (17,131,026)</u>

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.

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Discount Rate - The total pension liability was calculated using the discount rate of 7.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 12,633,818	\$ 7,593,560	\$ 3,342,889

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

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

	June 30, 2021	June 30, 2020
Inflation	2.50%	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.45%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.45%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2021, actuarial valuation, post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 39,412,228	\$ 21,046,506	\$ 5,527,510

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - School Employees Retirement System (SERS)

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

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

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

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2022, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the District's surcharge obligation was \$136,929.

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 \$136,929 for fiscal year 2022. Of this amount, \$136,929 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

The net OPEB liability/asset was measured as of June 30, 2021, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.210473300%	0.169784200%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.212458800%</u>	<u>0.164607166%</u>	
Change in proportionate share	<u>0.001985500%</u>	<u>-0.005177034%</u>	
Proportionate share of the net OPEB liability	\$ 4,020,958	\$ -	\$ 4,020,958
Proportionate share of the net OPEB asset	\$ -	\$ 3,470,608	\$ 3,470,608
OPEB expense	\$ (14,223)	\$ (222,056)	\$ (236,279)

Of the District's total OPEB expense of (\$236,279), (\$198,415) is reported in the governmental activities and (\$37,864) is reported in the business-type activities.

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 42,862	\$ 123,578	\$ 166,440
Changes of assumptions	630,794	221,687	852,481
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	282,101	86,300	368,401
Contributions subsequent to the measurement date	<u>136,929</u>	<u>-</u>	<u>136,929</u>
Total deferred outflows of resources	<u>\$ 1,092,686</u>	<u>\$ 431,565</u>	<u>\$ 1,524,251</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 2,002,617	\$ 635,883	\$ 2,638,500
Net difference between projected and actual earnings on OPEB plan investments	87,357	961,994	1,049,351
Changes of assumptions	550,638	2,070,474	2,621,112
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>206,770</u>	<u>34,113</u>	<u>240,883</u>
Total deferred inflows of resources	<u>\$ 2,847,382</u>	<u>\$ 3,702,464</u>	<u>\$ 6,549,846</u>

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

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

\$136,929 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2023. Of the total contributions made subsequent to the measurement date, \$124,343 relates to governmental activities and \$12,586 relates to business-type activities.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	\$ (426,267)	\$ (927,622)	\$ (1,353,889)
2024	(426,876)	(903,552)	(1,330,428)
2025	(421,624)	(899,818)	(1,321,442)
2026	(370,245)	(404,942)	(775,187)
2027	(194,334)	(137,688)	(332,022)
Thereafter	(52,279)	2,723	(49,556)
Total	\$ (1,891,625)	\$ (3,270,899)	\$ (5,162,524)

Actuarial Assumptions - SERS

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

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

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

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

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

NOTE 13 - 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 2015 through 2020 and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

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

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

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 4,982,452	\$ 4,020,958	\$ 3,252,846

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 3,095,807	\$ 4,020,958	\$ 5,256,673

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation, compared with June 30, 2020, are presented below:

	June 30, 2021		June 30, 2020	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.00%	4.00%	5.00%	4.00%
Medicare	-16.18%	4.00%	-6.69%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	6.50%	4.00%
Medicare	29.98%	4.00%	11.87%	4.00%

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

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

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - The discount rate was adjusted to 7.00% from 7.45% for the June 30, 2021 valuation.

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

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

<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 OPEB asset was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2021.

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

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

NOTE 13 - 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, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 2,928,656	\$ 3,470,608	\$ 3,923,326
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 3,904,982	\$ 3,470,608	\$ 2,933,463

NOTE 14 - JOINTLY GOVERNED ORGANIZATION

The Midland Council of Governments dba/Tri-County Computer Services Association is organized under Chapter 167 of the Ohio Revised Code. The Tri-County Computer Services Association (TCCSA) is a jointly governed organization. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts in Ashland, Holmes, Medina and Wayne counties. TCCSA is governed by representatives from each of the participating public-school districts served by TCCSA. TCCSA is recognized as one of twenty-three regional Information Technology Centers (ITC) as defined by the Ohio Department of Education. Each of the participating districts supports TCCSA based upon a per pupil charge dependent upon the software package utilized. Financial information can be obtained by contacting the Executive Director at Tri-County Computer Services Association located at 2125 Eagle Pass, Wooster, OH 44691. During the fiscal year ended June 30, 2022 the District paid \$337,003 for basic service charges.

NOTE 15 - CONTINGENCIES AND SIGNIFICANT COMMITMENTS

A. Grants

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2022, if applicable, cannot be determined at this time.

B. Litigation

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

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

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

NOTE 15 - CONTINGENCIES AND SIGNIFICANT COMMITMENTS - (Continued)

C. Foundation Funding

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

D. Contractual Commitments

At June 30, 2022, the District had the following contractual commitments for construction projects:

Project	Contractor	Contractual Commitment	Expenditures Through 6/30/2022	Balance 6/30/2022
Edgewood HVAC Renovation	Gardiner	<u>\$ 2,214,762</u>	<u>\$ 604,345</u>	<u>\$ 1,610,417</u>

E. Encumbrance Commitments

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

Fund	Amount
General fund	\$ 1,552,028
Other governmental funds	<u>1,926,828</u>
Total	<u>\$ 3,478,856</u>

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

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

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

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (1,368,499)
Net adjustment for revenue accruals	1,028,649
Net adjustment for expenditure accruals	(1,239,305)
Net adjustment for other sources/uses	1,817,286
Funds budgeted elsewhere **	(46,874)
Adjustment for encumbrances	2,051,160
GAAP basis	<u>\$ 2,242,417</u>

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

NOTE 17 - SET-ASIDES

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

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

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

NOTE 17 - SET-ASIDES - (Continued)

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2021	\$ -
Current year set-aside requirement	592,189
Current year offsets	<u>(592,189)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2023	<u>\$ -</u>
Set-aside balance June 30, 2022	<u>\$ -</u>

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

NOTE 18 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

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

For the District, the City of Wooster has entered into EZAs and CRA agreements that have caused a reduction to the District’s property tax receipts. During fiscal year 2022, the District’s property tax receipts were reduced as follows:

	Tax Abatement Program		District Forgone
<u>Government Entering Into Agreement</u>	<u>CRA</u>	<u>EZAs</u>	<u>Taxes Revenue</u>
City of Wooster	\$ 237,638	\$ 230,759	\$ 468,397

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

NOTE 19 - COVID-19

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

The District’s investment portfolio 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.

REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.20580370%	0.20605050%	0.20735600%	0.20076440%
District's proportionate share of the net pension liability	\$ 7,593,560	\$ 13,628,613	\$ 12,406,473	\$ 11,498,148
District's covered payroll	\$ 6,915,479	\$ 7,584,000	\$ 7,209,689	\$ 6,916,378
District's proportionate share of the net pension liability as a percentage of its covered payroll	109.81%	179.70%	172.08%	166.25%
Plan fiduciary net position as a percentage of the total pension liability	82.86%	68.55%	70.85%	71.36%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014
0.20026360%	0.19349980%	0.19040050%	0.18604700%	0.18604700%
\$ 11,965,308	\$ 14,162,400	\$ 10,864,437	\$ 9,415,732	\$ 11,063,618
\$ 6,801,479	\$ 6,035,800	\$ 5,732,049	\$ 5,406,154	\$ 6,813,960
175.92%	234.64%	189.54%	174.17%	162.37%
69.50%	62.98%	69.16%	71.70%	65.52%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.16460717%	0.16978420%	0.17243802%	0.17275644%
District's proportionate share of the net pension liability	\$ 21,046,506	\$ 41,081,734	\$ 38,133,632	\$ 37,985,262
District's covered payroll	\$ 20,353,550	\$ 20,643,957	\$ 20,188,864	\$ 19,840,007
District's proportionate share of the net pension liability as a percentage of its covered payroll	103.40%	199.00%	188.88%	191.46%
Plan fiduciary net position as a percentage of the total pension liability	87.78%	75.48%	77.40%	77.31%

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

2018	2017	2016	2015	2014
0.17068972%	0.16923150%	0.16983678%	0.17225722%	0.17225722%
\$ 40,547,709	\$ 56,646,885	\$ 46,937,918	\$ 41,898,917	\$ 49,909,716
\$ 18,965,071	\$ 17,895,064	\$ 17,942,243	\$ 17,599,931	\$ 18,842,892
213.80%	316.55%	261.61%	238.06%	264.87%
75.30%	66.80%	72.10%	74.70%	69.30%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 1,050,035	\$ 968,167	\$ 1,061,760	\$ 973,308
Contributions in relation to the contractually required contribution	<u>(1,050,035)</u>	<u>(968,167)</u>	<u>(1,061,760)</u>	<u>(973,308)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,500,250	\$ 6,915,479	\$ 7,584,000	\$ 7,209,689
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014	2013
\$ 933,711	\$ 952,207	\$ 845,012	\$ 755,484	\$ 749,293	\$ 943,052
<u>(933,711)</u>	<u>(952,207)</u>	<u>(845,012)</u>	<u>(755,484)</u>	<u>(749,293)</u>	<u>(943,052)</u>
<u>\$ -</u>					
\$ 6,916,378	\$ 6,801,479	\$ 6,035,800	\$ 5,732,049	\$ 5,406,154	\$ 6,813,960
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Contractually required contribution	\$ 2,947,283	\$ 2,849,497	\$ 2,890,154	\$ 2,826,441
Contributions in relation to the contractually required contribution	(2,947,283)	(2,849,497)	(2,890,154)	(2,826,441)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 21,052,021	\$ 20,353,550	\$ 20,643,957	\$ 20,188,864
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 2,777,601	\$ 2,655,110	\$ 2,505,309	\$ 2,511,914	\$ 2,287,991	\$ 2,449,576
<u>(2,777,601)</u>	<u>(2,655,110)</u>	<u>(2,505,309)</u>	<u>(2,511,914)</u>	<u>(2,287,991)</u>	<u>(2,449,576)</u>
<u>\$ -</u>					
\$ 19,840,007	\$ 18,965,071	\$ 17,895,064	\$ 17,942,243	\$ 17,599,931	\$ 18,842,892
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net OPEB liability	0.21245880%	0.21047330%	0.21307500%	0.20465850%
District's proportionate share of the net OPEB liability	\$ 4,020,958	\$ 4,574,274	\$ 5,358,388	\$ 5,677,780
District's covered payroll	\$ 6,915,479	\$ 7,584,000	\$ 7,209,689	\$ 6,916,378
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	58.14%	60.31%	74.32%	82.09%
Plan fiduciary net position as a percentage of the total OPEB liability	24.08%	18.17%	15.57%	13.57%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>
0.20287580%	0.19610195%
\$ 5,444,653	\$ 5,589,631
\$ 6,801,479	\$ 6,035,800
80.05%	92.61%
12.46%	11.49%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net OPEB liability/asset	0.16460717%	0.16978420%	0.17243802%	0.17275644%
District's proportionate share of the net OPEB liability/(asset)	\$ (3,470,608)	\$ (2,983,955)	\$ (2,855,987)	\$ (2,776,019)
District's covered payroll	\$ 20,353,550	\$ 20,643,957	\$ 20,188,864	\$ 19,840,007
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	17.05%	14.45%	14.15%	13.99%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.73%	182.10%	174.70%	176.00%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>
0.17068972%	0.16923150%
\$ 6,659,684	\$ 9,050,545
\$ 18,965,071	\$ 17,895,064
35.12%	50.58%
47.10%	37.33%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 136,929	\$ 137,632	\$ 119,392	\$ 168,798
Contributions in relation to the contractually required contribution	<u>(136,929)</u>	<u>(137,632)</u>	<u>(119,392)</u>	<u>(168,798)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 7,500,250	\$ 6,915,479	\$ 7,584,000	\$ 7,209,689
Contributions as a percentage of covered payroll	1.83%	1.99%	1.57%	2.34%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 149,513	\$ 108,974	\$ 99,276	\$ 141,094	\$ 99,605	\$ 102,687
<u>(149,513)</u>	<u>(108,974)</u>	<u>(99,276)</u>	<u>(141,094)</u>	<u>(99,605)</u>	<u>(102,687)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,916,378	\$ 6,801,479	\$ 6,035,800	\$ 5,732,049	\$ 5,406,154	\$ 6,813,960
2.16%	1.60%	1.64%	2.46%	1.84%	1.51%

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

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 21,052,021	\$ 20,353,550	\$ 20,643,957	\$ 20,188,864
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ -	\$ -	\$ -	\$ -	\$ 181,003	\$ 185,496
-	-	-	-	(181,003)	(185,496)
<u>\$ -</u>					
\$ 19,840,007	\$ 18,965,071	\$ 17,895,064	\$ 17,942,243	\$ 17,599,931	\$ 18,842,892
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

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

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

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.

(Continued)

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

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

PENSION (CONTINUED)

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2022.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table.

(Continued)

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.

**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program/Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Education</i>		
Child Nutrition Cluster:		
Non-Cash Assistance (Food Distribution)		
National School Lunch Program	10.555	\$ 129,658
Cash Assistance:		
School Breakfast Program	10.553	301,958
National School Lunch Program	10.555	1,026,437
COVID-19 - National School Lunch Program	10.555	93,317
Summer Food Service Program for Children	10.559	137,696
Total Child Nutrition Cluster		1,689,066
 Child and Adult Care Food Program		
Child and Adult Care Food Program	10.558	76,386
COVID-19 - Child and Adult Care Food Program	10.558	7,705
Total Child and Adult Care Food Program		84,091
 COVID - 19 - Pandemic EBT Administrative Costs		
	10.649	2,044
Total U.S. Department of Agriculture		1,775,201
U.S. DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education</i>		
Special Education Cluster:		
Special Education - Grants to States	84.027A	828,646
Special Education - Preschool Grants	84.173A	26,945
Total Special Education Cluster		855,591
 Title I Grants to Local Educational Agencies		
	84.010A	782,213
 Supporting Effective Instruction State Grants		
	84.367A	119,714
 English Language Acquisition State Grants		
	84.365	7,151
 Student Support and Academic Enrichment Program		
	84.424A	57,889
 COVID-19 Education Stabilization Fund:		
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	700,508
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	355,030
COVID-19 - American Rescue Plan Elementary and Secondary School Emergency Relief – Homeless Children and Youth (ARP-HCY)	84.425W	1,223
Total COVID-19 Education Stabilization Fund		1,056,761
Total U.S. Department of Education		2,879,319
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 4,654,520

The accompanying notes are an integral part of this schedule.

**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY**

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Wooster City School District, Wayne County (the District) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E - FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



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

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

Wooster City School District
Wayne County
144 N Market Street
Wooster, OH 44691

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the major fund, and the aggregate remaining fund information of the Wooster City School District, Wayne County, (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 16, 2023, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

March 16, 2023

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, Wooster City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on 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 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Keith Faber
Auditor of State
Columbus, Ohio

March 16, 2023

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**WOOSTER CITY SCHOOL DISTRICT
WAYNE COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE KEITH FABER



WOOSTER CITY SCHOOL DISTRICT

WAYNE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/30/2023

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