



OHIO AUDITOR OF STATE  
**KEITH FABER**





**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY  
JUNE 30, 2021 AND 2020**

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GREENE COUNTY  
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# OHIO AUDITOR OF STATE KEITH FABER

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## INDEPENDENT AUDITOR'S REPORT

Cedar Cliff Local School District  
Greene County  
P.O. Box 45  
Cedarville, Ohio 45314

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cedar Cliff Local School District, Greene County, Ohio (the District), as of and for the fiscal years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

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### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Cedar Cliff Local School District, as of June 30, 2021 and 2020, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the fiscal years then ended in accordance with the accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 3 to the financial statements for the fiscal year ended June 30, 2021, the District restated net position as of July 1, 2020 pertaining to a prior year capital asset purchase not capitalized in the prior year. We did not modify our opinion regarding this matter.

As discussed in Note 3 to the financial statements for the fiscal year ended June 30, 2020, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

Also as discussed in Note 22 to the financial statements for the fiscal year ended June 30, 2021, and Note 19 to the financial statements for the fiscal year ended June 30, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Keith Faber". The signature is fluid and cursive, with the first name "Keith" and last name "Faber" clearly distinguishable.

Keith Faber  
Auditor of State  
Columbus, Ohio

December 3, 2021

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**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)

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

**Financial Highlights**

Key financial highlights for fiscal year 2021 are as follows:

- Total net position reported at June 30, 2021 increased by 2.9 percent from the beginning balance primarily due to the decrease in long-term liabilities during fiscal year 2021 as the School District paid off a capital lease obligation early to save over \$1.0 million of future interest payments.
- Total assets of governmental activities decreased by \$1.1 million (2.7 percent) from one year prior as net capital assets decreased by \$517,180 due to current year depreciation exceeded current year capital asset additions as well as the \$592,408 (4.0 percent) decrease in current and other assets due to the use of pooled cash and investments to pay off the capital lease obligation early. Total liabilities decreased by 5.7 percent over those reported one year prior due to the \$1.9 million reduction in capital lease obligation previously mentioned which was somewhat offset by a 9.6 percent increase in the net pension liability reported at the end of the year. Changes in deferred outflows and inflows of resources related to the School District reporting its proportionate share of the pension and OPEB plans at the end of the fiscal year.
- General revenues accounted for \$7.8 million or 78.2 percent of total revenue. Program specific revenues in the form of charges for services, as well as operating grants and contributions account for \$2.2 million or 21.8 percent of total revenues of \$10.0 million. Total revenue reported for fiscal year 2021 was \$806,650 (8.8 percent) more than the amount reported for the prior year. Decreases in charges for services and miscellaneous revenue related to reduced programs and activities due to the COVID-19 pandemic. Increases in operating grants relate to COVID-19 emergency funding and reimplemented funding sources as the pandemic continued. Increase in property and income taxes resulted for reappraisal of property values and improving economic conditions later in the fiscal year.
- Of the School District's \$9.6 million in expenses, \$2.2 million were offset by program specific charges for services, grants or contributions. General revenues offset the net expense of \$7.3 million. Total expenses of the School District decreased by \$174,179 compared to the prior year due to tight controls over spending increases due to the uncertainty caused by the pandemic.
- The General Fund, the School District's primary operating fund, reported an 16.5 percent decrease in fund balance for fiscal year 2021 compared with the 7.1 percent decrease reported for the prior year, as \$1.3 million of general fund cash was used to retire the capital lease obligations noted above. The \$3.7 million, unassigned fund balance reported at June 30, 2021 still represents a strong 45.3 percent of the total expenditures reported for the General Fund for the fiscal year.

**Using the Basic Financial Statements**

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)

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The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregated view of the School District's finances and a longer-term view of those statements. 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 School District's most significant funds with all other non-major funds presented in total in one column. While the General Fund is the general operating fund of the Cedar Cliff Local School District, individual fund statements are also presented for the Bond Retirement Fund since it is also considered a major governmental fund.

### **Reporting the School District as a Whole**

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

While this document contains a large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and the change in that net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School 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 School 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 School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District does not have any business-type activities.

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

#### *Fund Financial Statements*

The analysis of the School District's funds begins after the statement of activities. The School District uses many funds to account for a multitude of financial transactions. All the funds of the School District can be divided into two categories: governmental and fiduciary funds. The School District does not have any funds which are classified as proprietary. The fund financial statements focus on the School District's most significant funds, and therefore only the major funds are presented separate from the other funds. For fiscal year 2021, the School District has two major governmental funds: the General and Bond Retirement Funds.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)

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Governmental Funds

The School 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, 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 School 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.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support programs of the School District. The accounting used for fiduciary funds is much like that in the government-wide financial statements.

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2021 compared to 2020:

**TABLE 1**  
**NET POSITION**

	2021	Restated 2020
<i>Assets:</i>		
Current and other Assets	\$ 14,349,610	\$ 14,942,018
Net OPEB Asset	450,311	432,128
Capital Assets	24,466,838	24,984,018
	<u>39,266,759</u>	<u>40,358,164</u>
<i>Deferred Outflows of Resources:</i>		
Pension and OPEB	1,952,610	1,861,707
Other Deferred Outflows	53,594	57,168
	<u>2,006,204</u>	<u>1,918,875</u>
<i>Liabilities:</i>		
Current and Other Liabilities	834,873	917,622
Long-Term Liabilities:		
Due within One Year	17,309	85,250
Due in More Than One Year:		
Net Pension Liability	8,396,465	7,662,312
Net OPEB Liability	750,845	820,474
Other Long-term Liabilities	11,715,567	13,534,920
	<u>21,715,059</u>	<u>23,020,578</u>

(continued)

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)

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**TABLE 1**  
**NET POSITION**  
**(Continued)**

	2021	Restated 2020
<i>Deferred Inflows of Resources:</i>		
Pension and OPEB	1,136,504	1,274,726
Other Deferred Inflows	<u>2,875,023</u>	<u>2,872,541</u>
	<u>4,011,527</u>	<u>4,147,267</u>
<i>Net Position:</i>		
Net Investment in Capital Assets	13,086,623	11,732,459
Restricted	6,330,932	5,984,626
Unrestricted (Deficit)	<u>(3,871,178)</u>	<u>(2,607,891)</u>
	<u>\$ 15,546,377</u>	<u>\$ 15,109,194</u>

The net pension liability (NPL) is reported pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and the net OPEB asset/liability is reported pursuant to GASB Statement No. 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 School District's actual financial condition by adding the net pension and OPEB liabilities and the deferred inflows related to pension and OPEB to the reported net position amount and then subtracting the net OPEB asset and deferred outflows related to pension and OPEB from that amount.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or OPEB asset/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 required the net pension liability and the net OPEB asset/liability to equal the School 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 School 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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)

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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 systems. 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 pension system is responsible for the administration of the plan.

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 pension liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these assets/liabilities but are outside the control of the local government. In the event the 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 School 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 asset/liability, respectively, not accounted for as deferred inflows/outflows.

The amount by which the School District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources is called net position. As of June 30, 2021, the School District's total net position was \$15.5 million. Of that amount, approximately \$13.1 million was the net investment in capital assets. Another \$6.3 million was subject to external restrictions upon its use. The remaining deficit of \$3.9 million resulted from the School District's recognition of its proportionate share of the retirement systems' net pension and OPEB assets/liabilities. If the components of recording the net pension and OPEB assets/liabilities are removed from the Statement of Net Position, the School District's ending unrestricted net position would be a positive amount totaling \$4.0 million. We feel this is important to mention as the management of the School District has no control over the management of the State-wide systems and or the pension or OPEB benefits offered; both of which control the net pension and OPEB liabilities which have a significant effect on the School District's financial statements.

Total assets decreased by \$1.1 million at June 30, 2021 compared to one year prior as net capital assets decreased by \$517,180 due to current year depreciation exceeded current year capital asset additions as well as the \$592,408 decrease in current and other assets due to the use of pooled cash and investments to pay off the capital lease obligation early.

Total liabilities decreased by 5.7 percent over those reported one year prior due to the \$1.9 million reduction in capital lease obligation previously mentioned which was somewhat offset by a 9.6 percent increase in the net pension liability reported at the end of the year.

Changes in deferred outflows and inflows of resources related to the School District reporting its proportionate share of the pension and OPEB plans at the end of the fiscal year.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)

Table 2 shows the changes in net position for fiscal year 2021 as compared to those for fiscal year 2020.

**TABLE 2**  
**CHANGES IN NET POSITION**

	2021	Restated 2020
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 856,944	\$ 1,044,293
Operating Grants and Contributions	1,320,605	605,952
General Revenues:		
Property Taxes	3,080,514	2,975,173
Income Taxes	1,475,488	1,198,179
Grants and Entitlements	3,129,006	2,985,813
Other	139,232	385,729
Total Revenues	<u>10,001,789</u>	<u>9,195,139</u>
<b>Program Expenses</b>		
Instruction	5,100,646	5,203,984
Support Services:		
Pupil and Instructional Staff	985,845	942,785
Board of Education, Administration, and Fiscal	1,115,027	1,122,336
Plant Operation and Maintenance	741,194	897,996
Pupil Transportation	292,471	317,186
Central	17,731	29,547
Operation of Non-Instructional Services	236,625	205,072
Extracurricular Activities	383,623	324,603
Interest, Fiscal Charges, and Issuance Costs	691,444	695,276
Total Expenses	<u>9,564,606</u>	<u>9,738,785</u>
Change in Net Position	437,183	(543,646)
Beginning Net Position	<u>15,109,194</u>	<u>15,652,840</u>
Ending Net Position	<u>\$ 15,546,377</u>	<u>\$ 15,109,194</u>

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for local operating funds. The overall revenue generated by a voted property tax levy does not increase solely based on inflation. Local taxes (property and income) made up 45.6 percent of the total revenue for governmental activities for the School District for fiscal year 2021, which was virtually the same percentage as reported in the prior fiscal year. Local tax revenue increased by \$382,650, or 9.2 percent, as property values were reappraised and improving economic conditions lead to earned income reaching more traditional levels. Operating grants and contributions increased as COVID-19 funding and reimplementation of funding sources account for most of that increase reported. Decrease in miscellaneous revenue resulted from the several larger Workers' Comp rebates distributed in the prior year.

Total expenses of the School District decreased by \$174,179 compared to the prior year due as management made conscientious efforts to limit any spending increases due to the uncertainty the pandemic and emergency measures may have on the operations during fiscal year 2021.



**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows total and net cost of services for each function for last two fiscal years.

**TABLE 3  
TOTAL AND COST OF PROGRAM SERVICES  
GOVERNMENTAL ACTIVITIES**

	2021		2020 - Restated	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 5,100,646	\$ 4,148,476	\$ 5,203,984	\$ 4,242,967
Support Services:				
Pupil and Instructional Staff	985,845	856,433	942,785	880,419
Board of Education, Administration, Fiscal and Business	1,115,027	1,115,027	1,122,336	1,122,336
Plant Operation and Maintenance	741,194	717,401	897,996	872,639
Pupil Transportation	292,471	285,410	317,186	317,186
Central	17,731	17,731	29,547	29,547
Operation of Non-Instructional Services	236,625	3,656	205,072	42,907
Extracurricular Activities	383,623	210,607	324,603	102,608
Interest and Fiscal Charges	691,444	32,316	695,276	477,931
Total Expenses	<u>\$ 9,564,606</u>	<u>\$ 7,387,057</u>	<u>\$ 9,738,785</u>	<u>\$ 8,088,540</u>

As shown in Table 3 above, the net cost of service decreased by \$701,483 compared with those reported for the prior fiscal year, which is consistent with the increase in operating grants and contributions as well as the overall decrease in the functional expenses explained above.

### The School District's Funds

Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10.0 million and expenditures of \$10.5 million which resulted in a net decrease of \$510,867 in total governmental fund balance for the year. Revenues of the general fund increased by \$195,369 due to increases in property and income taxes as well as intergovernmental revenue, partially offset by the decrease in interest earnings. Total expenditures of the general fund increased by \$650,024, or 8.6 percent, over those reported for fiscal year 2020 due the decision to pay off the capital lease obligation early which added \$1.3 million to the total expenditures of the general fund. The decrease in the general fund balance was anticipated for the current year due to this decision. Ending fund balance remained a healthy \$4.3 million and unrestricted fund balance was \$3.7 million. The total ending fund balance of the general fund at June 30, 2021 represents 51.9 percent and the unrestricted fund balance represented 45.3 percent of the total general fund expenditures reported for the current fiscal year, respectively.

The remaining major fund, the bond retirement fund, reported a \$690,252 increase in fund balance ending the fiscal year at \$5.3 million. The change in the bond retirement fund is consistent with the results reported in the prior years and resulted from the School District making the scheduled payments to the sinking fund which was established in accordance with the bond covenants to accumulate resources to pay future debt obligations as they come due, as well as reinstatement of the interest subsidy payments from the prior year.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)

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**General Fund Budgeting Highlights**

The School 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.

During fiscal year 2021, the School District did not amend the revenue budget for the general fund. Actual revenue for the fiscal year was \$550,723 more than that estimated at the beginning of the fiscal year due to higher than expected tax and intergovernmental receipts. Actual budgetary expenditures (cash disbursements plus encumbrances) ended the year \$650,993 less than the original budget adopted by the School District as expenditures were less than budgetary estimates in virtually every functional area.

The actual budgetary fund balance for the general fund reported at the end of the fiscal year was \$4.1 million compared with the \$4.2 million anticipated when the original budget was developed or 2.6 percent less than what was originally anticipated. It should be noted the decision to retire the capital lease obligation early was made after the start of the fiscal year and was not initially included in the original budgetary estimates for the general fund.

**Capital Assets**

At the end of fiscal year 2021, the School District had \$24.5 million invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles, and educational media in governmental activities. Table 4 shows fiscal year 2021 balances compared to 2020 restated balances; however for greater detail readers should review Note 10 to the basic financial statements.

**TABLE 4**  
**CAPITAL ASSETS AT JUNE 30**

	<u>2021</u>	<u>2020 - Restated</u>
Land	\$ 504,428	\$ 504,428
Land Improvements	745,139	809,198
Buildings and Improvements	22,009,525	22,264,670
Furniture, Fixtures and Equipment	673,325	833,902
Vehicles	479,953	517,352
Educational Media	<u>54,468</u>	<u>54,468</u>
Total Net Capital Assets	<u>\$ 24,466,838</u>	<u>\$ 24,984,018</u>

Overall, net capital assets decreased \$517,180 from fiscal year 2020 amounts. This decrease in net capital assets results from the current year depreciation expense being a greater amount than current year acquisition of capital assets. Depreciation expense for the fiscal year was \$517,180 with no current year additions to capital assets.

Cost associated with repair and maintenance of the School District's facilities and other assets that do not extend the useful life of the capitalized item, is included within the plant operation and maintenance function.



**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
(Unaudited)

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**Debt Administration**

At June 30, 2021, the School District had \$11.3 million in general obligation bonds, with no current payments due within the next fiscal year. During fiscal year 2021, the School District decided to pay off the lease obligations early to save over \$1.0 million in future interest payments. The payment of the \$1.9 million capital lease obligation was funded by \$1.3 million from the general fund and the remainder coming from the capital improvement fund. Current payments for the \$11.3 million in Qualified School Construction Bonds are being deposited into a sinking fund until the first payment becomes due in fiscal year 2027.

At June 30, 2021, the School District's overall legal debt margin was approximately \$4.1 million and the total unvoted debt margin was \$112,408.

For more detailed disclosures regarding the School District's debt obligations the reader should refer to Note 15 to the basic financial statements.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Joy Kitzmiller, Treasurer at Cedar Cliff Local School District, P.O. Box 45, Cedarville, OH 45314 or email at [jkitzmiller@ccliff.net](mailto:jkitzmiller@ccliff.net).

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Statement of Net Position  
June 30, 2021

	Governmental Activities
<b>ASSETS:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 5,998,282
Materials and Supplies Inventory	8,244
Income Taxes Receivable	567,059
Property Taxes Receivable	3,008,802
Accounts Receivable	35,571
Intergovernmental Receivable	36,219
Prepaid Items	54,728
Net OPEB Asset	450,311
Restricted Assets:	
Cash and Cash Equivalents with Fiscal Agent	4,640,705
Capital Assets:	
Non Depreciable Assets	504,428
Depreciable Assets	23,962,410
Total Assets	<u>39,266,759</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred Charge on Refunding	53,594
Pension and OPEB	1,952,610
Total Deferred Outflows of Resources	<u>2,006,204</u>
<b>LIABILITIES:</b>	
Accounts Payable	30,698
Accrued Wages and Benefits	612,561
Intergovernmental Payable	141,175
Accrued Interest Payable	50,439
Long-Term Liabilities:	
Due Within One Year	17,309
Due In More Than One Year:	
Net OPEB Liability	750,845
Net Pension Liability	8,396,465
Other Amounts Due in More than One Year	11,715,567
Total Liabilities	<u>21,715,059</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Property Taxes not Levied to Finance Current Year Operations	2,875,023
Pension and OPEB	1,136,504
Total Deferred Inflows of Resources	<u>4,011,527</u>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	13,086,623
Restricted	6,330,932
Unrestricted (Deficit)	(3,871,178)
Total Net Position	<u>\$ 15,546,377</u>

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Statement of Activities  
For the Fiscal Year Ended June 30, 2021

<b>Functions/Programs:</b>	Expenses	Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
		Services	Grants and	Changes in
			Contributions	Net Position
				Governmental
				Activities
Governmental Activities:				
Instruction:				
Regular	\$ 3,641,237	\$ 548,945	\$ 57,209	\$ (3,035,083)
Special	1,171,388	148,938	195,363	(827,087)
Student Intervention Services	2,753	-	-	(2,753)
Other	285,268	-	1,715	(283,553)
Support Services:				
Pupils	703,595	-	123,039	(580,556)
Instructional Staff	282,250	-	6,373	(275,877)
Board of Education	13,082	-	-	(13,082)
Administration	723,670	-	-	(723,670)
Fiscal	378,275	-	-	(378,275)
Operation and Maintenance				
of Plant	741,194	10,083	13,710	(717,401)
Pupil Transportation	292,471	-	7,061	(285,410)
Central	17,731	-	-	(17,731)
Non-Instructional Services	236,625	27,584	205,385	(3,656)
Extracurricular Activities	383,623	121,394	51,622	(210,607)
Interest and Fiscal Charges	691,444	-	659,128	(32,316)
Total	<u>\$ 9,564,606</u>	<u>\$ 856,944</u>	<u>\$ 1,320,605</u>	(7,387,057)
General Revenues:				
Property Taxes Levied for:				
General Purposes				2,303,100
Debt Service				563,807
Capital Outlay				213,607
Income Taxes Levied for:				
General Purposes				1,190,694
Capital Outlay				240,916
Facility Maintenance				43,878
Grants, Entitlements and Contributions not				
Restricted to Specific Programs				3,129,006
Investment Earnings				24,191
Miscellaneous				115,041
Total General Revenues				<u>7,824,240</u>
Change in Net Position				437,183
Net Position, Beginning of Year - Restated				<u>15,109,194</u>
Net Position, End of Year				<u>\$ 15,546,377</u>

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Balance Sheet  
Governmental Funds  
June 30, 2021

	General Fund	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 4,377,116	\$ 645,103	\$ 976,063	\$ 5,998,282
Receivables:				
Property Taxes	2,249,018	553,410	206,374	3,008,802
Income Taxes	463,951	-	103,108	567,059
Accounts	35,442	-	129	35,571
Intergovernmental	18,475	-	17,744	36,219
Materials and Supplies Inventory	3,868	-	4,376	8,244
Prepaid Items	46,269	275	8,184	54,728
Due from Other Funds	46,706	-	-	46,706
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	-	4,640,705	-	4,640,705
Total Assets	<u>\$ 7,240,845</u>	<u>\$ 5,839,493</u>	<u>\$ 1,315,978</u>	<u>\$ 14,396,316</u>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 18,822	\$ -	\$ 11,876	\$ 30,698
Accrued Wages and Benefits	586,556	-	26,005	612,561
Intergovernmental Payable	138,443	-	2,732	141,175
Due to Other Funds	-	-	46,706	46,706
Total Liabilities	<u>743,821</u>	<u>-</u>	<u>87,319</u>	<u>831,140</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Property Taxes not Levied to Finance				
Current Year Operations	2,149,651	528,179	197,193	2,875,023
Unavailable Revenue	89,518	3,013	8,978	101,509
Total Deferred Inflows of Resources	<u>2,239,169</u>	<u>531,192</u>	<u>206,171</u>	<u>2,976,532</u>
<b>FUND BALANCES:</b>				
Nonspendable	50,137	275	12,560	62,972
Restricted	-	5,308,026	1,058,844	6,366,870
Committed	160,696	-	-	160,696
Assigned	331,508	-	-	331,508
Unassigned (Deficit)	3,715,514	-	(48,916)	3,666,598
Total Fund Balances	<u>4,257,855</u>	<u>5,308,301</u>	<u>1,022,488</u>	<u>10,588,644</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 7,240,845</u>	<u>\$ 5,839,493</u>	<u>\$ 1,315,978</u>	<u>\$ 14,396,316</u>

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
June 30, 2021

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Total Governmental Fund Balances	\$ 10,588,644
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*Amounts reported for governmental activities in the  
statement of net position are different because:*

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.	24,466,838
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Certain receivables are not available to provide current financial resources  
and are reported as deferred inflows of resources in governmental funds:

Property Taxes Receivable	15,983
Income Taxes Receivable	73,044
Intergovernmental Receivable	3,566
Accounts Receivable	8,916

The net pension and 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 and OPEB	1,952,610
Deferred Inflows - Pension and OPEB	(1,136,504)
Net OPEB Asset	450,311
Net OPEB Liability	(750,845)
Net Pension Liability	(8,396,465)

Some liabilities and deferred outflows of resources are not due and  
payable in the current period and therefore are not reported in the  
funds. Those items consist of:

General Obligation Bonds Payable	(11,290,000)
Accrued Interest Payable	(50,439)
Deferred Charge on Refunding	53,594
Premium on Bonds	(143,809)
Compensated Absences Payable	(299,067)

Net Position of Governmental Activities	\$ <u>15,546,377</u>
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See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2021

	General Fund	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Property Taxes	\$ 2,306,964	\$ 564,733	\$ 213,942	\$ 3,085,639
Income Taxes	1,188,055	-	297,014	1,485,069
Intergovernmental	3,021,685	739,044	633,694	4,394,423
Tuition and Fees	695,974	-	-	695,974
Rent	10,083	-	-	10,083
Interest	19,044	288	4,859	24,191
Extracurricular Activities	2,909	-	118,485	121,394
Customer Services and Sales	-	-	27,584	27,584
Gifts and Donations	9,183	-	42,439	51,622
Miscellaneous	115,041	-	-	115,041
Total Revenues	<u>7,368,938</u>	<u>1,304,065</u>	<u>1,338,017</u>	<u>10,011,020</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	2,780,678	-	225,083	3,005,761
Special	955,912	-	184,398	1,140,310
Student Intervention Services	2,753	-	-	2,753
Other	285,242	-	-	285,242
Support Services:				
Pupils	555,166	-	140,251	695,417
Instructional Staff	249,155	-	5,446	254,601
Board of Education	13,082	-	-	13,082
Administration	673,640	-	2,004	675,644
Fiscal	337,697	8,549	8,694	354,940
Operation and Maintenance of Plant	555,294	-	147,071	702,365
Pupil Transportation	241,412	-	-	241,412
Central	17,731	-	-	17,731
Non-Instructional Services	-	-	213,728	213,728
Extracurricular Activities	236,581	-	111,575	348,156
Debt Service:				
Principal	1,306,104	-	558,896	1,865,000
Interest	-	605,264	100,481	705,745
Total Expenditures	<u>8,210,447</u>	<u>613,813</u>	<u>1,697,627</u>	<u>10,521,887</u>
Net Change in Fund Balances	(841,509)	690,252	(359,610)	(510,867)
Fund Balance, Beginning of Year	<u>5,099,364</u>	<u>4,618,049</u>	<u>1,382,098</u>	<u>11,099,511</u>
Fund Balance, End of Year	<u>\$ 4,257,855</u>	<u>\$ 5,308,301</u>	<u>\$ 1,022,488</u>	<u>\$ 10,588,644</u>

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
For the Fiscal Year Ended June 30, 2021

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Total Net Change in Fund Balances - Total Governmental Funds	\$ (510,867)
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*Amounts reported for governmental activities in the statement  
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense:

Depreciation Expense	(517,180)
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Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:

Property Taxes	(5,126)
Income Taxes	(9,581)
Intergovernmental Grants	3,566
Tuition and Fees	1,909

Repayment of long-term obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net position:

Capital Lease Principal Payments	1,865,000
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Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued Interest Payable	7,957
Amortization of Bond Premium	9,918
Amortization of Deferred Charge on Refunding	(3,574)
Compensated Absences Payable	12,377

Contractually required contributions to pension and OPEB plans are reported as expenditures in governmental funds, however, the statement of activities reports these amounts as deferred outflows of resources.

Pension Plans	596,853
OPEB Plans	23,166

Except for amounts reported as deferred inflows and outflows of resources related to pension and OPEB, changes in the net pension and OPEB assets/liabilities are reported as expenses (or negative expenses) in the statement of activities.

Pension Plans	(1,052,961)
OPEB Plans (negative expense)	15,726

Change in Net Position of Governmental Activities	\$ <u>437,183</u>
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See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non-GAAP) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>Revenues:</u></b>				
Property Taxes	\$ 2,005,000	\$ 2,005,000	\$ 2,060,581	\$ 55,581
Income Taxes	1,028,603	1,028,603	1,079,962	51,359
Intergovernmental	2,624,000	2,624,000	2,968,172	344,172
Tuition and Fees	724,000	724,000	697,819	(26,181)
Interest	30,000	30,000	78,699	48,699
Rent	6,250	6,250	10,083	3,833
Miscellaneous	1,550	1,550	56,659	55,109
<b>Total Revenues</b>	<b>6,419,403</b>	<b>6,419,403</b>	<b>6,951,975</b>	<b>532,572</b>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	2,965,210	2,965,210	2,795,023	170,187
Special	1,023,417	1,023,417	894,285	129,132
Student Intervention Services	3,470	3,470	2,856	614
Other	92,082	92,082	63,064	29,018
Support Services:				
Pupils	569,665	569,665	547,438	22,227
Instructional Staff	290,222	290,222	255,288	34,934
Board of Education	15,740	15,740	12,897	2,843
Administration:	671,328	671,328	659,657	11,671
Fiscal	327,119	327,119	331,184	(4,065)
Operation and Maintenance of Plant	658,829	658,829	554,431	104,398
Pupil Transportation	341,858	341,858	246,868	94,990
Central	20,000	20,000	13,985	6,015
Extracurricular Activities	245,816	245,816	220,683	25,133
Debt Service:				
Principal Retirement	-	1,310,000	1,306,104	3,896
<b>Total Expenditures</b>	<b>7,224,756</b>	<b>8,534,756</b>	<b>7,903,763</b>	<b>630,993</b>
Excess of Revenues Over (Under) Expenditures	(805,353)	(2,115,353)	(951,788)	1,163,565
<b><u>Other Financing Sources (Uses):</u></b>				
Refund of Prior Year Expenditures	5,000	5,000	23,151	18,151
Transfers Out	(20,000)	(20,000)	-	20,000
<b>Total Other Financing Sources (Uses)</b>	<b>(15,000)</b>	<b>(15,000)</b>	<b>23,151</b>	<b>38,151</b>
Net Change in Fund Balance	(820,353)	(2,130,353)	(928,637)	1,201,716
Fund Balance, Beginning of Year	5,049,797	5,049,797	5,049,797	-
Prior Year Encumbrances Appropriated	10,240	10,240	10,240	-
<b>Fund Balance, End of Year</b>	<b>\$ 4,239,684</b>	<b>\$ 2,929,684</b>	<b>\$ 4,131,400</b>	<b>\$ 1,201,716</b>

See accompanying notes to the basic financial statements.



**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Statement of Fiduciary Net Position  
June 30, 2021

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	<u>Private Purpose Trust Fund</u>
<b>ASSETS:</b>	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 7,500
 Total Assets	 <u>7,500</u>
 <b>LIABILITIES:</b>	
 Total Liabilities	 <u>-</u>
 <b>NET POSITION:</b>	
Held in Trust for Scholarships	<u>7,500</u>
 Total Net Position	 <u><u>\$ 7,500</u></u>

See accompanying notes to the basic financial statements.

***CEDAR CLIFF LOCAL SCHOOL DISTRICT***  
***GREENE COUNTY, OHIO***

Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2021

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	<u>Private Purpose Trust Fund</u>
Additions:	
Gifts and Contributions	<u>\$ 17,500</u>
Total Additions	17,500
Deductions:	
Payments in Accordance with Trust Agreements	<u>10,000</u>
Total Deductions	<u>10,000</u>
Change in Net Position	7,500
Net Position at Beginning of Year	<u>-</u>
Net Position at End of Year	<u><u>\$ 7,500</u></u>

See accompanying notes to the basic financial statements.

***CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO***

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

Cedar Cliff Local School District (the "School District") is a body politic and corporate for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by State and/or federal agencies.

The School District serves an area of approximately 49 square miles. It is staffed by 30 noncertified employees, 45 certified full-time teaching personnel, and 9 administrators, who provide services to 592 students and other community members. The School District currently operates one instructional/support facility.

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 consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities of the School District. Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with four jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Note 16 and 17 to the basic financial statements. These organizations are:

**Jointly Governed Organizations:**

- Miami Valley Educational Computer Association (MVECA)
- Southwestern Ohio Educational Purchasing Council (SOEPC)
- Southwestern Ohio Instructional Technology Association (SOITA)
- Greene County Career Center

**Insurance Purchasing Pool:**

- Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Plan (GRP)

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

The financial statements of the Cedar Cliff Local School District have been prepared in conformity with generally accepted accounting principles (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 more significant of the School District's accounting policies are described below.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

***A. Basis of Presentation***

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide statements usually distinguish between those activities that are governmental and those that are business-type. The School District, however, has no activities which are reported as business-type.

The statement of net position presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

**Fund Financial Statements**

During the year, the School District segregates transactions related to certain School 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 School District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

***B. Fund Accounting***

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental and fiduciary.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

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, liabilities, and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

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

Bond Retirement Fund - The bond retirement fund is used to account for financial resources that are restricted, committed, or assigned for expenditures for the payment of general long-term debt principal, interest, and related costs.

The other governmental funds of the School District account for grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

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. The School District's only fiduciary fund is a private purpose trust which accounts for various college scholarship programs for students.

***C. Measurement Focus***

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities accounts for increases (i.e. revenues) and decreases (i.e. expenses) in total 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 along with current liabilities and deferred inflows of resources 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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The private purpose trust fund is reported using the economic resources measurement focus.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows 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. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty (60) days of fiscal year end.

Non-exchange transactions, in which the School 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 7). 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School 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, income taxes, grants, charges for services, and student fees.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charge on refunding, pension, and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained further in Notes 12 and 13.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

In addition to liabilities, the statements of financial position 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 until that time. For the School District, deferred inflows of resources include property taxes, unavailable revenue, pension, and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and 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 School District, unavailable revenue includes delinquent property taxes, income taxes, intergovernmental grants, and student fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 12 and 13).

**Expenditures/Expenses**

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. Allocation of costs, such as depreciation and amortization are not recognized in governmental funds.

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

***E. Budget Data***

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue, are identified by the School District. 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 issued during fiscal year 2021.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. 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 represent the final appropriation amounts passed by the Board during the year.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

***F. Cash and Cash Equivalents***

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "cash and cash equivalents". The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$19,044; which includes \$2,979 assigned from other funds.

During fiscal year 2021, the School District held investments in money market mutual accounts, negotiable certificates of deposit, and State Treasury Asset Reserve (STAR) of Ohio. Investments are reported at fair value, which is based on quoted market prices. An analysis of the School District's investments at fiscal year-end is provided in Note 6.

***G. Inventory***

On government-wide financial statements, inventories are presented at the lower cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed rather than when purchased.

***H. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method and recording a current asset for the prepaid amount and reflecting the expenditure in the year in which services are consumed.

***I. Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the Bond Retirement Fund include amounts required to be deposited in a mandatory sinking fund by the School District's Qualified School Construction Bond agreement.

***J. Capital Assets and Depreciation***

The School District's only capital assets are general capital assets. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities on the government-wide statement of net position but are not reported in the fund financial statements.

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



**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

All reported capital assets except for land 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>Estimated Lives</u>
Land Improvements	20 years
Buildings	99 years
Building Improvements	20 years
Furniture, Fixtures, and Equipment	5 - 20 years
Vehicles	10 - 20 years
Educational Media	6 - 15 years

***K. Interfund Activity***

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures or 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, if any, are reported as other financing sources and uses in governmental funds. Repayments from funds responsible for particular expenditures or expenses to the funds that initially paid for them are not presented on the financial statements.

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

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and from current financial resources, are reported as obligations of the funds. However, claims and judgments, 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. Net pension and OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension and OPEB plans' fiduciary net position is not sufficient for payment of those benefits.

The general obligation bonds, and accrued interest that will be paid from governmental funds are recognized as a liability in the fund financial statements when payment is due.

***M. Compensated Absences***

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

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

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

On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts, if any, are recorded in the account “Matured Compensated Absences Payable” in the funds from which the employees will be paid.

***N. Net Pension/Other Postemployment Benefit (OPEB) Plans***

For purposes of measuring the net pension and OPEB assets/liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the pension and 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 and OPEB plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension and OPEB plans report investments at fair value.

***O. Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the School 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 category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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 Board of Education. Those committed amounts cannot be used for any other purpose unless the governing board 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 School District for specific purposes but do not meet the criteria to be classified as restricted or 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 the policies of the Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes. The Board of Education may also assign fund balance as it does when utilizing available fund balance to cover a gap between estimated revenues and appropriations in the subsequent year’s appropriated budget in the general fund.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

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

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are 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.

***P. Net Position***

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on the use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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

***Q. Estimates***

The preparation of the financial statements in conformity with generally accepted accounting principles 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.

**NOTE 3 – CORRECTION OF ERROR IN PRIOR YEAR**

The School District realized it did not properly capitalize a purchase of property it made in the prior fiscal year. As a result, the beginning net position of the governmental activities was restated from the previously reported \$14,727,586 to \$15,109,194 to account for the \$381,608 purchase of land during the prior fiscal year. The fund balances of the individual governmental funds were not affected by the adjustment.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP) and Actual – 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 GAAP basis for the general fund are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the fund liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as restricted, committed or assigned fund balance for governmental fund types (GAAP basis).
4. Certain Other Financing Sources reported on the budget basis are not reported within the fund on the GAAP basis.
5. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

<u>Net Change in Fund Balance</u> <u>General Fund</u>	
GAAP Basis	\$ (841,509)
Revenue Accruals	(98,545)
Expenditure Accruals	18,181
Encumbrances	(13,746)
Other Financing Sources	23,151
Change in Fund Balance of Funds Combined with General Fund for Reporting Purposes	<u>(16,169)</u>
Budget Basis	<u>\$ (928,637)</u>

**NOTE 5 – ACCOUNTABILITY**

At June 30, 2021 the Elementary and Secondary School Emergency Relief Grant, Title VI-B Grant , Title II-A, and Miscellaneous Federal Grants, all nonmajor special revenue funds had deficit fund balances of \$33,907, \$10,205, \$306 and \$4,498, respectively, due to recognition of certain liabilities within those funds. The general fund is liable for any deficit in other funds and provides operating transfers when cash is required, not when accruals occur.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 6 - DEPOSITS AND INVESTMENTS**

State statutes require the classification of monies held by the School District into three categories.

Active Monies – Those monies required to be kept in a “cash” or “near-cash” status for the immediate use of the district. Such monies must be maintained either as cash in the treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive Monies – Those monies not required for use within the current five-year period of designation of depositories. Inactive monies may be deposited or invested as certificate of deposit maturing no later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

Interim Monies – 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 five years from the date of deposit, or by savings or deposit accounts, including passbook accounts. Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Sallie Mae. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
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;
7. The State Treasurer’s investment pool (STAR Ohio);
8. Commercial paper notes, limited to 40% (5% for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed 270 days.
9. Bankers’ acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed 180 days.

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. Investments may only be made through specified dealers and institutions.

**Cash on Hand**

At fiscal year-end, the School District had \$50 in un-deposited cash on hand which is included on the balance sheet of the School District as part of “cash and cash equivalents”.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

Restricted Assets: Cash and Cash Equivalents with Fiscal Agent

At fiscal year-end, the School District had \$4,640,705 shown as restricted assets: cash and cash equivalents with fiscal agent in the bond retirement fund. This restricted cash is the balance in the mandatory sinking fund required by the Qualified School Construction Bonds and is managed separate from the pooled investments.

Deposits

Custodial credit risk is the risk that, in the event of bank failure, the School District's deposits may not be returned. The School District's policy for deposits is that any balance not covered by depository insurance will be collateralized by the financial institution with pledged securities. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

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 market value of the securities to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

At fiscal year-end, none of the School District's bank deposits was exposed to custodial credit risk, while \$250,000 was covered by the FDIC. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments

At June 30, 2021, the School District's investments consisted of the following:

Investment Type	Measurement	Maturity Dates in Years			% of Portfolio
	Value	Less than 1	1 to 3	More than 3	
Negotiable CDs	\$ 4,020,926	\$ 1,479,682	\$ 2,042,404	\$ 498,840	79.0%
STAR Ohio	1,063,367	1,063,367	-	-	20.9%
Money Market Mutual	4,999	4,999	-	-	0.1%
Total	<u>\$ 5,089,292</u>	<u>\$ 2,548,048</u>	<u>\$ 2,042,404</u>	<u>\$ 498,840</u>	

*Interest Rate Risk:* The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt, and that an investment must be purchased with the expectation that it will be held to maturity. All investments of the School District mature within five years.

*Credit Risk:* The School District's investments carry the following ratings by Standard & Poor's: money market mutual fund – AAA and STAR Ohio - AAAM. The School District's negotiable certificates of deposit were not rated, however the entire balance is covered by FDIC. The School District's investment policy limits investments to those authorized by State statute.



**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. \$4,020,926 of the negotiable certificate of deposits was covered by FDIC. The School District's investment policy does not address investment custodial risk beyond the requirement 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 School District places no limit on the amount that may be invested in any one issuer.

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 GASB Statement No. 79, "Certain External Investment Pools and Participants". The School 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 the NAV per share that approximates fair value.

For fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance for all deposits or withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transactions 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 participants will be combined for these purposes.

**Fair Value Measurement**

The School District's investments measured and reported at fair value are classified according to the following hierarchy:

- Level 1 – Investments reflect prices quoted in active markets.
- Level 2 – Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active.
- Level 3 – Investments reflect prices based upon unobservable sources.

The categorization of investments within the hierarchy is based upon the transparency of the instrument and should not be perceived as the particular investment's risk. The School District's investments in negotiable certificates of deposits are categorized as level 2 – observable inputs, as of June 30, 2021. Investments classified in Level 2 of the fair value hierarchy are valued using pricing sources as provided by the investment managers.

The School District's investments in STAR Ohio and money market mutual fund are measured at NAV and amortized cost, respectively, and therefore, these investments are not classified based on the hierarchy provided above.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 7 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School 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, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes, which were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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 real property tax revenue received in calendar 2021 represents collections of calendar year 2020 taxes, which, became a lien December 31, 2019, were levied after April 1, 2020 and are collected in 2021 with real property taxes. Public utility real property is assessed at thirty-five percent of true value.

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

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

	2021 First Half Collections		2020 Second Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate property	\$ 104,117,520	92.62%	\$ 102,265,600	92.60%
Public utility real property	8,290,130	7.38%	8,176,900	7.40%
Total	<u>\$ 112,407,650</u>	<u>100.00%</u>	<u>\$ 110,442,500</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$40.33</u>		<u>\$40.34</u>	

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2021 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources. The amount available as an advance at June 30, 2021, was \$87,504 in the general fund, \$22,218 in the bond retirement fund, and \$8,074 in the permanent improvement fund.

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



**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
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Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 8 – INCOME TAX**

The School District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1991 and is a continuing tax. The School District's residents also approved a .25% income tax for capital projects purposes in November 2009 with an effective date of January 2010. The School District authorized an annual portion of the .25% income tax to be earmarked to satisfy the maintenance of completed facilities in the Maintenance Fund. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue in the amount of \$1,188,055 and \$297,014 was credited to the general and non-major governmental funds, respectively, during fiscal year 2021.

**NOTE 9 - RECEIVABLES**

Receivables at June 30, 2021, consisted of current and delinquent property taxes, income taxes, accounts, and intergovernmental grants. 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 fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

*General Fund:*

Casino Revenue Sharing	\$ 18,475
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*Non-major Governmental Funds:*

Elementary & Secondary School Relief	7,320
Title I Grant	7,553
Title IIA Grant	2,871
Non-major Governmental Funds	17,744
Total Intergovernmental Receivables	\$ 36,219

**NOTE 10 - CAPITAL ASSETS**

A summary of the School District's general capital assets for fiscal year 2021 is as follows:

	Restated Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<i><u>Capital Assets, not being depreciated</u></i>				
Land	\$ 504,428	\$ -	\$ -	\$ 504,428
<i><u>Capital Assets, being depreciated</u></i>				
Land Improvements	1,209,464	-	-	1,209,464
Buildings and Improvements	25,559,626	-	-	25,559,626
Furniture, Fixtures and Equipment	2,251,625	-	(5,348)	2,246,277
Vehicles	783,371	-	-	783,371
Educational Media	272,794	-	-	272,794
Total Depreciable Capital Assets	30,076,880	-	(5,348)	30,071,532

(Continued)

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 10 - CAPITAL ASSETS (Continued)**

	Restated Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
<i><u>Less: Accumulated Depreciation</u></i>				
Land Improvements	(400,266)	(64,059)	-	(464,325)
Buildings and Improvements	(3,294,956)	(255,145)	-	(3,550,101)
Furniture, Fixtures and Equipment	(1,417,723)	(160,577)	5,348	(1,572,952)
Vehicles	(266,019)	(37,399)	-	(303,418)
Educational Media	(218,326)	-	-	(218,326)
Total Accumulated Depreciation	(5,597,290)	(517,180) *	5,348	(6,109,122)
<b>Depreciable Capital Assets, Net</b>	<u>24,479,590</u>	<u>(517,180)</u>	<u>-</u>	<u>23,962,410</u>
<b>Total Capital Assets, Net</b>	<u>\$ 24,984,018</u>	<u>\$ (517,180)</u>	<u>\$ -</u>	<u>\$ 24,466,838</u>

\* - Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 414,806
Special	814
Support Services:	
Instructional support	11,172
Operation and maintenance of plant	16,603
Pupil transportation	34,077
Non-instructional services	9,488
Extracurricular activities	30,220
<b>Total Depreciation Expense</b>	<u>\$ 517,180</u>

**NOTE 11 - RISK MANAGEMENT**

**Workers' Compensation**

For fiscal year 2021, the School District participated in the Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 17). The intent of the GRP is to achieve the benefit of a reduced premium for the School 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 Integrated Comp Incorporated provides administrative, cost control and actuarial services to the GRP.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
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Notes to the Basic Financial Statements  
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**NOTE 11 - RISK MANAGEMENT (Continued)**

Property and Liability

The School District is exposed to various risks of loss related to torts, thefts-of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2021, the School District contracted with the Liberty Mutual Insurance Company for property, fleet insurance, liability insurance and inland coverage.

Coverage limits provided by Liberty Mutual Insurance as of June 30, 2021 follows:

Buildings and Contents - replacement cost (\$2,500 deductible)	\$ 44,140,273
Inland Marine Coverage (\$250/\$500 deductible)	443,620
Boiler and Machinery (\$1,000 deductible)	44,140,273
Monies and Securities	10,000
Automobile Liability	1,000,000
Uninsured Motorists	1,000,000
General Liability Per Occurrence	1,000,000
Aggregate	2,000,000
Umbrella	3,000,000
Violent Event Response Coverage	1,000,000
Data Compromise	50,000

There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for any part of the last three years.

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions 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 liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability 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 this estimate annually.

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for contractually-required pension contributions outstanding at the end of the fiscal year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

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

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 **	Eligible to retire on or 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 year of service; 2.2% for the first 30 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.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

Prior to January 1, 2018, on the anniversary of the initial date of retirement, the allowances of all retirees and survivors are increased 3% of the base benefit. On and after January 1, 2018, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W, measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0% nor greater than 2.5%. COLAs were suspended for calendar years 2018, 2019 and 2020. On and after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement. One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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

The School District's contractually required contribution to SERS was \$170,545 for fiscal year 2021. Of this amount, \$30,080 is reported as an intergovernmental payable.

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

***Plan Description*** – School District licensed teachers and other faculty members participate in STRS Ohio, 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 Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 30 years of service regardless of age. Increases in age and service requirements increase effective August 1, 2015 and will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all 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.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
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Notes to the Basic Financial Statements  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)**

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 2% goes 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 services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 or later.

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 Ohio 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 Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

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

**Funding Policy** – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2021, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was approximately \$426,308 for fiscal year 2021. Of this amount, \$77,168 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School 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:

	SERS	STRS	Total
Proportionate share of the net pension liability	\$ 2,196,771	\$ 6,199,694	\$ 8,396,465
Proportion of the net pension liability	0.0332129%	0.0256223%	
Change in proportionate share	0.0015830%	-0.0004686%	
Pension expense	\$ 280,058	\$ 772,903	\$ 1,052,961



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Notes to the Basic Financial Statements  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

	SERS	STRS	Total
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ 4,267	\$ 13,911	\$ 18,178
Net difference between projected and actual earnings on pension plan investments	139,450	301,492	440,942
Change in assumptions	-	332,804	332,804
Change in School District's proportionate share and difference in employer contributions	57,416	168,737	226,153
School District contributions subsequent to the measurement date	<u>170,545</u>	<u>426,308</u>	<u>596,853</u>
Total	<u>\$ 371,678</u>	<u>\$ 1,243,252</u>	<u>\$ 1,614,930</u>
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ -	\$ 39,644	\$ 39,644
Change in School District's proportionate share and difference in employer contributions	<u>18,944</u>	<u>119,506</u>	<u>138,450</u>
Total	<u>\$ 18,944</u>	<u>\$ 159,150</u>	<u>\$ 178,094</u>

\$596,853 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ 17,017	\$ 209,806	\$ 226,823
2023	63,386	146,094	209,480
2024	58,126	184,204	242,330
2025	<u>43,660</u>	<u>117,690</u>	<u>161,350</u>
	<u>\$ 182,189</u>	<u>\$ 657,794</u>	<u>\$ 839,983</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.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
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Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

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

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

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

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Investment rate of return	7.50 percent of net investments expense, including inflation
Actuarial cost method	Entry Age Normal

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 for active members. 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 were 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 actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015 adopted by the Board on April 21, 2016.

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 averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:



**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
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Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	1.85%
US stocks	22.50%	5.75%
Non-US stocks	22.50%	6.50%
Fixed income	19.00%	2.85%
Private equity	12.00%	7.60%
Real assets	17.00%	6.60%
Multi-asset strategies	<u>5.00%</u>	6.65%
Total	<u>100.00%</u>	

**Discount Rate** – Total pension liability was calculated using the discount rate of 7.5%. 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 earning were calculated using the long-term assumed investment rate of return (7.5%). 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 School 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 7.5%, 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 (6.5%), or one percentage point higher (8.5%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$ 3,009,309	\$ 2,196,771	\$ 1,515,037

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Payroll increases	3.00 percent
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Discount rate of return	7.45 percent
Cost-of-living adjustments (COLA)	0.00 percent

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
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Notes to the Basic Financial Statements  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

The actuarial assumptions were based on the results of an actual experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

**Discount Rate** – The discount rate used to measure the total pension liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

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

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Notes to the Basic Financial Statements  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)**

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$ 8,827,285	\$ 6,199,694	\$ 3,973,030

**Social Security System**

All employees not covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2021, four of the members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

**NOTE 13 – POSTEMPLOYMENT BENEFITS**

***Net OPEB Asset/Liability***

The net OPEB liability (asset) reported on the statement of net position represents a liability to (or assets for) employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability or fully-funded benefits as a long-term net OPEB asset on the accrual basis of accounting. Any liability for contractually-required OPEB contributions outstanding at the end of the fiscal year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
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Notes to the Basic Financial Statements  
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**NOTE 13 – POSTEMPLOYMENT BENEFITS (Continued)**

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

*Health Care Plan Description* - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB Statement No. 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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

*Funding Policy*—State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, there was no portion allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, the minimum compensation amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$23,166.

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

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 13 – POSTEMPLOYMENT BENEFITS (Continued)**

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

***OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportionate share of the net OPEB asset	\$ -	\$ 450,311	\$ 450,311
Proportionate share of the net OPEB liability	750,845	-	750,845
Proportion of the net OPEB asset/liability	0.0345482%	0.0256223%	
Change in proportionate share	0.0019223%	-0.0004686%	
OPEB (negative) expense	\$ 10,237	\$ (25,963)	\$ (15,726)

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

	SERS	STRS	Total
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ 9,862	\$ 28,854	\$ 38,716
Net difference between projected and actual earnings on OPEB plan investments	8,460	15,781	24,241
Change in assumptions	127,993	7,435	135,428
Difference between employer contributions and proportionate share of contributions	89,666	26,463	116,129
School District contributions subsequent to the measurement date	23,166	-	23,166
Total	<u>\$ 259,147</u>	<u>\$ 78,533</u>	<u>\$ 337,680</u>

(continued)

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 13 – POSTEMPLOYMENT BENEFITS (Continued)**

	SERS	STRS	Total
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ 381,857	\$ 89,697	\$ 471,554
Change in assumptions	18,912	427,722	446,634
Difference between employer contributions and proportionate share of contributions	22,922	17,300	40,222
Total	<u>\$ 423,691</u>	<u>\$ 534,719</u>	<u>\$ 958,410</u>

\$23,166 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset/liability in the year ending June 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ (36,016)	\$ (115,476)	\$ (151,492)
2023	(35,404)	(104,794)	(140,198)
2024	(35,504)	(101,047)	(136,551)
2025	(40,941)	(93,182)	(134,123)
2026	(31,102)	(19,816)	(50,918)
2027	(8,743)	(21,871)	(30,614)
	<u>\$ (187,710)</u>	<u>\$ (456,186)</u>	<u>\$ (643,896)</u>

**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 consider the employee's entire career with the employer and 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.



**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 13 – POSTEMPLOYMENT BENEFITS (Continued)**

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

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

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

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

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 13 – POSTEMPLOYMENT BENEFITS (Continued)**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	1.85%
US stocks	22.50%	5.75%
Non-US stocks	22.50%	6.50%
Fixed income	19.00%	2.85%
Private equity	12.00%	7.60%
Real assets	17.00%	6.60%
Multi-asset strategies	<u>5.00%</u>	6.65%
Total	<u>100.00%</u>	

**Discount Rate** – The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability at June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2035. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2034 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45% as of June 30, 2020 (i.e., municipal bond rate) was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and 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 calculated using the discount rate of 2.63%, as well as what the School District’s net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63%) and one percentage point higher (3.63%) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	\$ 919,015	\$ 750,845	\$ 617,149

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the School District’s net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (6.00% decreasing to 3.75%) and one percentage point higher (8.00% decreasing to 5.75%) than the current rates.



**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 13 – POSTEMPLOYMENT BENEFITS (Continued)**

	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$ 591,233	\$ 750,845	\$ 964,286

***Actuarial Assumptions - STRS***

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	12.50% at age 20 to 2.50% at age 65	
Payroll increases	3.00%	
Investment rate of return	7.45%, net of investment expenses, including inflation	
Discount rate of return	7.45%	
Health care cost trends	<u>Initial</u>	<u>Ultimate</u>
Medical		
Pre-Medicare	5.00%	4.00%
Medicare	-6.69%	4.00%
Prescription Drug		
Pre-Medicare	6.50%	4.00%
Medicare	11.87%	4.00%

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

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

Since the prior measurement date, claim curves were trended to the fiscal year ending June 30, 2021 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

STRS 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:

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 13 – POSTEMPLOYMENT BENEFITS (Continued)**

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

\* 10-year annualized 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 liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on OPEB plan assets of 7.45% was used to measure the total OPEB liability as of June 30, 2020.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	\$ 391,801	\$ 450,311	\$ 499,957
	1% Decrease In Trend Rates	Current Trend Rates	1% Increase In Trend Rates
School District's proportionate share of the net OPEB asset	\$ 496,875	\$ 450,311	\$ 393,591

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 14 – OTHER EMPLOYEE BENEFITS**

Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one fourth days per month. Sick leave may be accumulated up to a maximum of 240 days for classified staff and certain administrators, and 250 days for certified staff. Upon retirement, payment is made for one fourth of accrued, but unused sick leave credit to a maximum of 62.5 days for all certified employees and certain administrators, and 60 days for classified employees.

Insurance Benefits

The School District provides life insurance, dental insurance, and accidental death and dismemberment insurance to most employees through CoreSource. Medical/surgical benefits are provided through United Health Care of Ohio. Vision insurance is provided through Vision Service Plan of Ohio. Dental insurance is provided through Delta Dental.

**NOTE 15 - LONG-TERM OBLIGATIONS**

The activity of the School District's long-term obligations during fiscal year 2021 was as follows:

	Balance July 1, 2020	Increase	Decrease	Balance June 30, 2021	Due within One Year
General Obligation Bonds:					
2011 QSCB Bonds	\$ 7,910,000	\$ -	\$ -	\$ 7,910,000	\$ -
2015 Refunding Bonds	3,380,000	-	-	3,380,000	-
Bond Premiums	153,727	-	9,918	143,809	-
Total General Obligation Bonds	11,443,727	-	9,918	11,433,809	-
Net Pension Liability:					
STRS	5,769,838	429,856	-	6,199,694	-
SERS	1,892,474	304,297	-	2,196,771	-
Total Net Pension Liability	7,662,312	734,153	-	8,396,465	-
Net OPEB Liability:					
SERS	820,474	-	69,629	750,845	-
Capital Lease Payable	1,865,000	-	1,865,000	-	-
Compensated Absences	311,443	20,250	32,626	299,067	17,309
Total Long-Term Obligations	\$ 22,102,956	\$ 754,403	\$ 1,977,173	\$ 20,880,186	\$ 17,309

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 15 - LONG-TERM OBLIGATIONS (Continued)**

Qualified School Construction Bonds

Proceeds from the bonds will be used for the purpose of constructing additions to and renovating and improving existing school buildings and facilities. These bonds were issued on April 15, 2011. The bonds consisted of \$7,910,000 in current bonds with an interest rate of 6.04 percent. The bonds are not subject to mandatory sinking fund redemption, the School District has agreed to make deposits annually on December 1 of each year, into a sinking fund account to be held by the Paying Agent for payment of the principal amount of the bonds at maturity. The bonds are being retired through the Bond Retirement fund. Payments shall be made to the Paying Agent by the School District annually in the amounts needed so that the balance in the sinking fund (after taking into account the interest earned on such fund) shall equal, but not exceed, the mandatory sinking fund balance on the dates listed below:

<u>Calendar Year</u>	<u>Mandatory Sinking Fund Balance</u>
2021	\$ 5,164,068
2022	5,691,722
2023	6,229,929
2024	6,778,900
2025	7,338,850
2026	7,910,000

2015 Refunding Bonds

On February 26, 2015, the School District issued \$3,380,000 of Refunding Bonds to provide resources to purchase U.S. Government securities that were placed, along with a portion of the premium received from the sale of the bonds, in an irrevocable trust for the purpose of generating sufficient resources to satisfy the debt service requirements of \$3,440,000 of the 2011 Build America Bonds. The reacquisition price exceeded the net carrying value of the old debt; this amount is being reported as deferred charge on refunding within the deferred outflows of resources section on the statement of net position and is being amortized over the remaining life of the new debt issued, which is the same as the debt defeased.

The 2015 refunding bonds consisted of \$3,380,000 in current interest bonds with interest rates ranging from 3.25 percent to 4.00 percent and will fully mature on December 1, 2035.

Legal Debt Margins

At June 30, 2021, the School District's overall legal debt limitation was \$4,112,497 and the un-voted debt margin was \$112,408.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 15 - LONG-TERM OBLIGATIONS (Continued)**

**Required Debt Service – General Obligation Bonds**

The scheduled payments of principal and interest on general obligation debt outstanding at June 30, 2021 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2022	\$ -	\$ 605,264	\$ 605,264
2023	-	605,264	605,264
2024	-	605,264	605,264
2025	-	605,264	605,264
2026	-	605,264	605,264
2027-2031	9,285,000	784,857	10,069,857
2032-2036	<u>2,005,000</u>	<u>206,100</u>	<u>2,211,100</u>
Total	<u>\$ 11,290,000</u>	<u>\$ 4,017,277</u>	<u>\$ 15,307,277</u>

**NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS**

*Miami Valley Educational Computer Association*

The School District is a participant in the Miami Valley Educational Computer Association (MVECA), which is a computer consortium. MVECA is an association of public school districts within the geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MVECA consists of two representatives from each of the participating members. The School District paid MVECA \$34,873 for services provided during the year. Financial information can be obtained from MVECA located at 330 Enon Road, Yellow Springs, Ohio 45387.

*Southwestern Ohio Educational Purchasing Council*

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of over 126 public school districts in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2021, the School District paid \$708,053 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
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Notes to the Basic Financial Statements  
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**NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS (Continued)**

*Southwestern Ohio Instructional Technology Association*

The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of twenty-one representatives of SOITA member's schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene, and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net position shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. The School District paid SOITA \$544 for services provided during the year. To obtain financial information, write to Southwestern Ohio Instructional Technology Association at 1205 East Fifth Street, Dayton, Ohio 45402.

*Greene County Career Center*

The Greene County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected Boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Greene County Career Center, Eva Anderson, who serves as Treasurer, at 2960 W. Enon Rd., Xenia, OH 45385. During fiscal year 2021, the School District did not make any disbursements to the Greene County Career Center.

**NOTE 17 – INSURANCE PURCHASING POOL**

*Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Plan*

The School District participates in the Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Plan (GRP). The GRP's business and affairs are conducted by a 14 member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 18 - CONTINGENCIES**

Grants

The School 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 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2021.

Litigation

The School District is not currently party to any legal proceedings.

**NOTE 19 - SET-ASIDE CALCULATION**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years. The following cash basis information describes the change in the fiscal year-end set-aside amount for capital acquisition. Disclosure of this information is required by State statute.

Set-aside Reserve Balance as of June 30, 2020	\$ -
Current Year Set-aside Requirement	112,429
Current Year Offsets:	
Permanent Improvement Tax Proceeds	(469,323)
Maintenance Fund Tax Proceeds	(43,878)
Excess Carryover from Prior Year	<u>(3,592,529)</u>
Total	<u>\$ (3,993,301)</u>
Balance Carried forward to FY 2022	<u>\$ (3,592,529)</u>
Set-aside Reserve Balance June 30, 2021	<u>\$ -</u>

Although the School District had qualifying disbursements during the year that further reduced the set-aside below zero due to current year offsets, the extra amounts may not be used to reduce the set-aside requirements of future years. As such, there was no need to present information concerning such disbursements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**NOTE 20 - COMMITMENTS**

Encumbrances

At year end the School District had the following amounts encumbered for future purchase obligations:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General Fund	\$ 13,746
Non-major Governmental Funds	<u>34,548</u>
	<u>\$ 48,294</u>

**NOTE 21 – FUND BALANCES/NET POSITION**

Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The nature of those constraints by fund are presented below:

	<u>General Fund</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:				
Inventory	\$ 3,868	\$ -	\$ 4,376	\$ 8,244
Prepaid Items	46,269	275	8,184	54,728
Restricted for:				
Debt	-	5,308,026	-	5,308,026
Capital Improvements	-	-	484,485	484,485
Facilities Maintenance	-	-	430,245	430,245
Student Activities	-	-	97,681	97,681
Food Service Operations	-	-	44,820	44,820
Education Grants	-	-	1,613	1,613
Committed for:				
Severance Payments	93,086	-	-	93,086
Workers' Compensation Payments	67,610	-	-	67,610
Assigned for:				
Extracurricular Activities	13,402	-	-	13,402
Emergency Operating Levy	58,664	-	-	58,664
Subsequent Appropriations	259,442	-	-	259,442
Unassigned	3,715,514	-	(48,916)	3,666,598
Total Fund Balances	<u>\$ 4,257,855</u>	<u>\$ 5,308,301</u>	<u>\$ 1,022,488</u>	<u>\$ 10,588,644</u>



**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 21 – FUND BALANCES/NET POSITION (Continued)**

**Net Position**

The net position reported on the Statement of Net Position includes restricted classification. The following table describes the limitations imposed on the use either through enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments:

	<u>Governmental Activities</u>
Restricted Net Position:	
Debt Service	\$ 5,260,875
Capital Projects	491,722
Facilities Maintenance	435,826
Federal and State Education Grants	1,882
Student Activities	97,681
Food Service Programs	<u>42,946</u>
	<u>\$ 6,330,932</u>

**NOTE 22 – COVID-19 PANDEMIC**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. In addition, the impact on the School District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. During fiscal year 2021, the School District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act 2021, passed by Congress on December 1, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

During fiscal year 2021, the School District received \$47,095 through the Elementary and Secondary School Emergency Relief Program and \$28,404 through a Personal Protective Equipment Grant.

**NOTE 23 – SUBSEQUENT EVENT**

On September 9, 2021 the School District issued \$3,380,000 of taxable school improvement refunding bonds, series 2021. The proceeds from the sale of the 2021 taxable school improvement refunding bonds along with other cash consideration were deposited into an irrevocable escrow account to be used to pay the debt service on the refunded 2015 refunding bonds at the call date of June 1, 2023. The interest rate on the 2021 taxable school improvement refunding bonds is 2.13 percent fixed and the final maturity of those bonds is December 31, 2035. The refunding was undertaken to reduce debt service payments over the next fifteen years by \$457,583.

***CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO***

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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**NOTE 23 – SUBSEQUENT EVENT (Continued)**

For fiscal year 2022, School District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$278,468 in revenues and expenditures/expenses related to these programs. Also during fiscal year 2021, the school district reported \$594,735 in tuition and fees from the resident school districts which will be direct funded to the School District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique “per-pupil local capacity amount” for each School District. The School District’s state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Cedar Cliff Local School District**  
Required Supplementary Information  
Schedule of School District's Proportionate Share of the Net Pension Liability  
Last Eight Fiscal Years (1) (2)

	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<b>School Employees Retirement System of Ohio:</b>					
2014	0.032169%	\$ 1,912,987	\$ 1,062,650	180.02%	65.52%
2015	0.032169%	1,628,055	947,279	171.87%	71.70%
2016	0.028849%	1,646,129	875,314	188.06%	69.16%
2017	0.030710%	2,247,699	953,743	235.67%	62.98%
2018	0.031197%	1,863,975	997,307	186.90%	69.50%
2019	0.033404%	1,913,089	1,081,474	176.90%	71.36%
2020	0.031629%	1,892,474	1,127,289	167.88%	70.85%
2021	0.033213%	2,196,771	1,164,371	188.67%	68.55%
<b>State Teachers Retirement System of Ohio:</b>					
2014	0.026223%	\$ 7,597,905	\$ 2,626,986	289.23%	69.30%
2015	0.026223%	6,378,397	1,925,986	331.18%	74.70%
2016	0.025037%	6,919,594	2,708,900	255.44%	72.09%
2017	0.025014%	8,372,926	2,631,950	318.13%	66.78%
2018	0.024288%	5,769,609	2,670,143	216.08%	75.30%
2019	0.025227%	5,546,871	2,867,893	193.41%	77.30%
2020	0.026091%	5,769,838	3,063,171	188.36%	77.40%
2021	0.025622%	6,199,694	3,092,214	200.49%	75.50%

(1) Information prior to 2014 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

**Cedar Cliff Local School District**  
Required Supplementary Information  
Schedule of School District Pension Contributions  
Last Ten Fiscal Years

		Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)		School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>School Employees Retirement System of Ohio:</b>							
2012	\$	137,529	\$ (137,529)	\$ -	\$	982,350	14.00%
2013		148,771	(148,771)	-		1,062,650	14.00%
2014		132,619	(132,619)	-		947,279	14.00%
2015		122,544	(122,544)	-		875,314	14.00%
2016		133,524	(133,524)	-		953,743	14.00%
2017		139,623	(139,623)	-		997,307	14.00%
2018		145,999	(145,999)	-		1,081,474	13.50%
2019		152,184	(152,184)	-		1,127,289	13.50%
2020		163,012	(163,012)	-		1,164,371	14.00%
2021		170,545	(170,545)	-		1,218,179	14.00%
<b>State Teachers Retirement System of Ohio:</b>							
2012	\$	378,801	\$ (378,801)	\$ -	\$	2,705,721	14.00%
2013		367,778	(367,778)	-		2,626,986	14.00%
2014		269,638	(269,638)	-		1,925,986	14.00%
2015		379,246	(379,246)	-		2,708,900	14.00%
2016		368,473	(368,473)	-		2,631,950	14.00%
2017		373,820	(373,820)	-		2,670,143	14.00%
2018		401,505	(401,505)	-		2,867,893	14.00%
2019		428,844	(428,844)	-		3,063,171	14.00%
2020		432,910	(432,910)	-		3,092,214	14.00%
2021		426,308	(426,308)	-		3,045,057	14.00%

See accompanying notes to the required supplementary information.

**Cedar Cliff Local School District**  
Required Supplementary Information  
Schedule of School District's Proportionate Share of the Net OPEB Liability (Asset)  
Last Five Fiscal Years (1) (2)

	School District's Proportion of the Net OPEB Liability or Asset	School District's Proportionate Share of the Net OPEB Liability or (Asset)	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset
<b>School Employees Retirement System of Ohio:</b>					
2017	0.031016%	\$ 884,077	\$ 953,743	92.70%	11.49%
2018	0.031678%	850,143	997,307	85.24%	12.46%
2019	0.033907%	940,669	1,081,474	86.98%	13.57%
2020	0.032626%	820,474	1,127,289	72.78%	15.57%
2021	0.034548%	750,845	1,164,371	64.49%	18.17%
<b>State Teachers Retirement System of Ohio:</b>					
2017	0.025014%	\$ 1,337,753	\$ 2,631,950	50.83%	37.30%
2018	0.024288%	947,619	2,670,143	35.49%	47.11%
2019	0.025227%	(405,374)	2,867,893	-14.13%	176.00%
2020	0.026091%	(432,128)	3,063,171	-14.11%	174.70%
2021	0.025622%	(450,311)	3,092,214	-14.56%	182.10%

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

**Cedar Cliff Local School District**  
Required Supplementary Information  
Schedule of School District's OPEB Contributions  
Last Six Fiscal Years (1)

	Contractually Required Contributions (2)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>School Employees Retirement System of Ohio:</b>					
2016	\$ 15,243	\$ (15,243)	\$ -	\$ 953,743	1.60%
2017	17,355	(17,355)	-	997,307	1.74%
2018	23,809	(23,809)	-	1,081,474	2.20%
2019	26,541	(26,541)	-	1,127,289	2.35%
2020	22,588	(22,588)	-	1,164,371	1.94%
2021	23,166	(23,166)	-	1,218,179	1.90%
<b>State Teachers Retirement System of Ohio:</b>					
2016	\$ -	\$ -	\$ -	\$ 2,631,950	0.00%
2017	-	-	-	2,670,143	0.00%
2018	-	-	-	2,867,893	0.00%
2019	-	-	-	3,063,171	0.00%
2020	-	-	-	3,092,214	0.00%
2021	-	-	-	3,045,057	0.00%

(1) The School District elected not to present information prior to 2016. The School District will continue to present information for years available until a full ten-year trend is compiled.

(2) Includes Surcharge for School Employees Retirement System of Ohio.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2021

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**A. Pension Plans:**

**School Employees Retirement System of Ohio:**

*Change in assumptions.* In 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2015. Significant changes included a reduction of the discount rate from 7.75% to 7.50%, a reduction in the wage inflation rate from 3.25% to 3.00%, a reduction in the payroll growth assumption used from 4.00% to 3.50%, reduction in the assumed real wage growth rate from 0.75% to 0.50%, update of the rates of withdrawal, retirement and disability to reflect recent experience, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables for active members and service retired members and beneficiaries.

*Change in benefit and funding terms.* In measurement year 2018, post-retirement increases in benefits included the following changes: 1) members, or their survivors, retiring prior to January 1, 2018, receive a COLA increase of 3.0% of their base benefit on the anniversary of their initial date of retirement; 2) members, or their survivors, retiring on and after January 1, 2018, receive a COLA increase on each anniversary of their initial date of retirement equal to the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0%, nor greater than 2.5%. COLAs are suspended for calendar years 2018, 2019 and 2020; 3) members, or their survivors, retiring on or after April 1, 2018, will have their COLA delayed for three years following their initial date of retirement.

**State Teachers Retirement System of Ohio:**

*Change in assumptions.* In 2018, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and 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. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

*Change in benefit and funding terms.* Effective July 1, 2017, the COLA was reduced to zero.

**B. Other Postemployment Benefit (OPEB) Plans:**

**School Employees Retirement System of Ohio:**

*Change in assumptions.* In measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2015. Significant changes included a reduction in the rate of inflation from 3.25% to 3.00%, a reduction in the payroll growth assumption from 4.00% to 3.50%, a reduction in assumed real wage growth from 0.75% to 0.50%, an update in rates of withdrawal, retirement and disability, and transitioning to the following mortality tables: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age setback for both active male and female members; RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB (120% of male rates, and 110% of female rates) for service retired members and beneficiaries; and 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 among disabled members.



**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2021

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**B. Other Postemployment Benefit (OPEB) Plans:**

In measurement year 2018, medical trend rates have been adjusted to reflect premium decreases.

*Change in benefit and funding terms.* In measurement year 2018, SERS' funding policy allowed a 2.0% health care contribution rate to be allocated to the Health Care Fund. The 2.0% is a combination of 0.5% employer contributions and 1.5% surcharge.

**State Teachers Retirement System of Ohio:**

*Change in assumption.* For fiscal year 2018, 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)*, and the long-term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. 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. 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 measurement year 2018, 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. Valuation year per capital health care costs were updated.

*Change in benefit and funding terms.* For measurement year 2017, the subsidy multiplier for non-Medicare benefit recipients was reduced 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 measurement year 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For measurement year 2019, there was no change to the claims costs process. Claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% year of service. The non-Medicare frozen subsidy base premium was increased 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 measurement year 2020, there was no change to the claims costs process. Claims curves were trended to the fiscal year ending June 30, 2021 to reflect the current price renewals. 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.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)

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This management's discussion and analysis of the Cedar Cliff Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for fiscal year 2020 are as follows:

- Total net position reported at June 30, 2020 decreased by 5.9 percent from the beginning balance primarily due to the decrease in net capital assets, deferred outflows of resources related to pension and OPEB plans, and the increase in the net pension liability, during the fiscal year.
- Total assets of governmental activities decreased by \$237,397 (0.6 percent) from one year prior as net capital assets decreased by \$195,798 due to current year depreciation exceeding current year capital asset additions; and the \$169,645 decrease in income tax receivable was due to economic conditions caused by the COVID-19 pandemic during the last quarter of the current fiscal year. Total liabilities increased by 0.7 percent over those reported one year prior as there was an increase in accounts payable due to timing and the net pension liability at June 30, 2020 was more than the amount reported for the prior year. Changes in deferred outflows and inflows of resources related to the School District reporting its proportionate share of the pension and OPEB plans at the end of the fiscal year.
- General revenues accounted for \$7.5 million or 82.1 percent of total revenue. Program specific revenues in the form of charges for services, as well as operating grants and contributions account for \$1.7 million or 17.9 percent of total revenues of \$9.2 million. Total revenue reported for fiscal year 2020 was nearly \$575,000 (5.9 percent) less than the amount reported for the prior year. Decreases in charges for services, unrestricted grants and entitlements, property tax and income tax revenues for the current year were associated with the COVID-19 pandemic and ensuing economic conditions.
- Of the School District's \$10.1 million in expenses, only \$1.7 million were offset by program specific charges for services, grants or contributions. General revenues partially offset the net expense of \$8.5 million. Total expenses of the School District increased by \$1.8 million compared to the prior year as the pension and OPEB expense recorded by the School District for the current year was \$1.2 million more than the expense recorded for the prior year.
- The General Fund, the School District's primary operating fund, reported an 7.1 percent decrease in fund balance for fiscal year 2020 compared with the 8.0 percent increase reported for the prior year. The \$4.0 million, unassigned fund balance reported at June 30, 2020 represents 52.8 percent of the total expenditures reported for the General Fund for the fiscal year.

### **Using the Basic Financial Statements**

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)

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The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregated view of the School District's finances and a longer-term view of those statements. 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 School District's most significant funds with all other non-major funds presented in total in one column. While the General Fund is the general operating fund of the Cedar Cliff Local School District, individual fund statements are also presented for the Bond Retirement Fund since it is also considered a major governmental fund.

### **Reporting the School District as a Whole**

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

While this document contains a large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2020?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. This basis of accounting takes into account, all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and the change in that net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School 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 School 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 School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District does not have any business-type activities.

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

#### *Fund Financial Statements*

The analysis of the School District's funds begins after the statement of activities. The School District uses many funds to account for a multitude of financial transactions. All the funds of the School District can be divided into two categories: governmental and fiduciary funds. The School District does not have any funds which are classified as proprietary. The fund financial statements focus on the School District's most significant funds, and therefore only the major funds are presented separate from the other funds. For fiscal year 2020, the School District has two major governmental funds: the General and Bond Retirement Funds.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)

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Governmental Funds

The School 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, 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 School 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.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support programs of the School District. The accounting used for fiduciary funds is much like that in the government-wide financial statements.

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2020 compared to 2019:

**TABLE 1**  
**NET POSITION**

	2020	Restated 2019
<i>Assets:</i>		
Current and other Assets	\$ 14,942,018	\$ 15,010,371
Net OPEB Asset	432,128	405,374
Capital Assets	24,602,410	24,798,208
	<u>39,976,556</u>	<u>40,213,953</u>
<i>Deferred Outflows of Resources:</i>		
Pension and OPEB	1,861,707	2,268,290
Other Deferred Outflows	57,168	60,742
	<u>1,918,875</u>	<u>2,329,032</u>
<i>Liabilities:</i>		
Current and Other Liabilities	917,622	828,437
Long-Term Liabilities:		
Due within One Year	85,250	79,000
Due in More Than One Year:		
Net Pension Liability	7,662,312	7,459,960
Net OPEB Liability	820,474	940,669
Other Long-term Liabilities	13,534,920	13,545,947
	<u>23,020,578</u>	<u>22,854,013</u>

(continued)

**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)

**TABLE 1  
NET POSITION  
(Continued)**

	2020	Restated 2019
<i>Deferred Inflows of Resources:</i>		
Pension and OPEB	1,274,726	1,354,871
Other Deferred Inflows	<u>2,872,541</u>	<u>2,681,261</u>
	<u>4,147,267</u>	<u>4,036,132</u>
<i>Net Position:</i>		
Net Investment in Capital Assets	11,350,851	11,480,305
Restricted	5,984,626	5,926,807
Unrestricted (Deficit)	<u>(2,607,891)</u>	<u>(1,754,272)</u>
	<u>\$ 14,727,586</u>	<u>\$ 15,652,840</u>

The net pension liability (NPL) is reported pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and the net OPEB asset/liability is reported pursuant to GASB Statement No. 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 School 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 net OPEB asset and deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or OPEB asset/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 required the net pension liability and the net OPEB asset/liability to equal the School 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 School 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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

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For the Fiscal Year Ended June 30, 2020  
(Unaudited)

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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 systems. 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 pension system is responsible for the administration of the plan.

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 pension liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these assets/liabilities but are outside the control of the local government. In the event the 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 School 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 asset/liability, respectively, not accounted for as deferred inflows/outflows.

The amount by which the School District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources is called net position. As of June 30, 2020, the School District's total net position was \$14.7 million. Of that amount, approximately \$11.3 million was the net investment in capital assets. Another \$6.0 million was subject to external restrictions upon its use. The remaining deficit of \$2.6 million resulted from the School District's recognition of its proportionate share of the retirement systems' net pension and OPEB assets/liabilities. If the components of recording the net pension and OPEB assets/liabilities are removed from the Statement of Net Position, the School District's ending unrestricted net position would be a positive amount totaling \$4.9 million. We feel this is important to mention as the management of the School District has no control over the management of the State-wide systems and or the pension or OPEB benefits offered; both of which control the net pension and OPEB liabilities which have a significant effect on the School District's financial statements.

Total assets decreased by \$237,397 at June 30, 2020 compared to one year prior as the decrease in capital assets and income tax receivable was greater than the increase in cash and cash equivalents and property taxes receivable. Capital assets decreased as current year depreciation expense was larger than current year additions. Income taxes receivable decreased due to the negative economic conditions caused by the COVID-19 pandemic as well as the extension in tax filing deadlines. Cash and cash equivalents increase due to the increase in restricted cash maintained for the debt service sinking requirement. Property taxes receivable increased due to property re-evaluation recently conducted by the County.

Total liabilities of the School District remained virtually unchanged (0.7 percent increase) from those of the prior year as the increases in accounts payable and net pension liability were slightly larger than the decreases reported for net OPEB liability and long-term debt obligations. The changes in deferred outflows and inflows of resources reported at June 30, 2020 were due to the recognition of current year pension and OPEB liabilities components associated with the plans.



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Table 2 shows the changes in net position for fiscal year 2020 as compared to those for fiscal year 2019.

**TABLE 2**  
**CHANGES IN NET POSITION**

	2020	Restated 2019
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 1,044,293	\$ 1,070,592
Operating Grants and Contributions	605,952	783,507
General Revenues:		
Property Taxes	2,975,173	3,027,614
Income Taxes	1,198,179	1,360,758
Grants and Entitlements	2,985,813	3,109,140
Other	385,729	418,487
Total Revenues	<u>9,195,139</u>	<u>9,770,098</u>
<b>Program Expenses</b>		
Instruction	5,203,984	4,143,309
Support Services:		
Pupil and Instructional Staff	942,785	771,127
Board of Education, Administration, and Fiscal	1,122,336	872,330
Plant Operation and Maintenance	1,126,961	826,731
Pupil Transportation	317,186	306,386
Central	29,547	15,703
Operation of Non-Instructional Services	205,072	197,834
Extracurricular Activities	477,246	448,256
Interest, Fiscal Charges, and Issuance Costs	695,276	697,246
Total Expenses	<u>10,120,393</u>	<u>8,278,922</u>
Change in Net Position	(925,254)	1,491,176
Beginning Net Position	<u>15,652,840</u>	<u>14,161,664</u>
Ending Net Position	<u>\$ 14,727,586</u>	<u>\$ 15,652,840</u>

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for local operating funds. The overall revenue generated by a voted property tax levy does not increase solely as a result of inflation. Local taxes (property and income) made up 45.4 percent of the total revenue for governmental activities for the Cedar Cliff Local School District for fiscal year 2020, which was virtually the same percentage as reported in the prior fiscal year. Local tax revenue decreased by \$215,020, or 4.9 percent, as the economic environment declined during the last quarter of the current fiscal year due to the COVID-19 pandemic and ensuing emergency measures taken. General grants and entitlements, primarily state foundation revenue, decreased by 4.0 percent during the current fiscal year as the State decreased funding to school districts in an attempt to balance the budget deficit caused by the pandemic. Charges for service, predominately food service and extracurricular receipts saw a decrease due to the absence of students from a normal school day due to the pandemic.

Total expenses of the School District reported for fiscal year 2020 increased by \$1.8 million, or 22.2 percent, compared with those reported for fiscal year 2019. The increase noted above is skewed due to the recognition of pension and OPEB expenses in the Statement of Activities. For fiscal year 2019, recognizing pension and OPEB expense resulted in the School District reducing operating expenses by \$192,385, whereas recognizing

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the pension and OPEB expense in fiscal year 2020 resulted in the School District increasing operating expenses by \$1.0 million. This swing in pension and OPEB expenses between the two years accounts for \$1.2 million of the \$1.8 million increase in total expenses reported by the School District. Outside of the pension and OPEB expenses, the major factor affecting the expenses of the School District are personnel related, wages and benefits, which saw modest increases in fiscal year 2020 compared with the prior year as well as the increase in the liability reported for compensated absences.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows total and net cost of services for each function for last two fiscal years.

**TABLE 3**  
**TOTAL AND COST OF PROGRAM SERVICES**  
**GOVERNMENTAL ACTIVITIES**

	2020		2019 - Restated	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 5,203,984	\$ 4,242,967	\$ 4,143,309	\$ 3,165,922
Support Services:				
Pupil and Instructional Staff	942,785	880,419	771,127	771,127
Board of Education, Administration, Fiscal and Business	1,122,336	1,122,336	872,330	872,330
Plant Operation and Maintenance	1,126,961	1,101,604	826,731	817,079
Pupil Transportation	317,186	317,186	306,386	306,386
Central	29,547	29,547	15,703	15,703
Operation of Non-Instructional Services	205,072	42,907	197,834	(5,644)
Extracurricular Activities	477,246	255,251	448,256	170,962
Interest and Fiscal Charges	695,276	477,931	697,246	263,943
Total Expenses	<u>\$ 10,120,393</u>	<u>\$ 8,470,148</u>	<u>\$ 8,278,922</u>	<u>\$ 6,377,808</u>

As shown in Table 3 above, the net cost of service increased by \$2.1 million compared with those reported for the prior fiscal year, which is consistent with the overall increase in the functional expenses explained above.

### The School District's Funds

Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$9.2 million and expenditures of \$9.5 million which resulted in a net decrease of \$333,909 in total governmental fund balance for the year. Revenues of the general fund decreased by \$205,387 due to decreases in income taxes and intergovernmental revenue (State foundation funding) for reasons explained above. Total expenditures of the general fund increased by \$589,794, or 8.5 percent, over those reported for fiscal year 2019 due the increased cost of personnel (wages and benefits) as well as one-time capital projects during the fiscal year. The decrease in fund balance for the general fund was the first decrease reported by the School District for the past several years. Ending fund balance remained a healthy \$5.1 million and unrestricted fund balance was \$4.0 million. The total ending fund balance of the general fund at June 30, 2020 represents 67.4 percent and the unrestricted fund balance represented 52.8 percent of the total general fund expenditures reported for the current fiscal year, respectively.



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The remaining major fund, the bond retirement fund, reported a \$322,999 increase in fund balance ending the fiscal year at \$4.6 million. The change in the bond retirement fund is consistent with the results reported in the prior year and resulted from the School District making the scheduled payments to the sinking fund which was established in accordance with the bond covenants to accumulate resources to pay future debt obligations as they come due.

### **General Fund Budgeting Highlights**

The School 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.

During fiscal year 2020, the School District did not amend the budget for the general fund. Actual revenue for the fiscal year was slightly less than that estimated at the beginning of the fiscal year. Actual budgetary expenditures (cash disbursements plus encumbrances) ending the year \$248,712 less than the original budget adopted by the School District.

The actual budgetary fund balance for the general fund reported at the end of the fiscal year was \$5.0 million compared with the \$4.8 million anticipated when the original budget was developed or 4.7 percent more than what was originally anticipated.

### **Capital Assets**

At the end of fiscal year 2020, the School District had \$24.6 million invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles, and educational media in governmental activities. Table 4 shows fiscal year 2020 balances compared to 2019 balances; however for greater detail readers should review Note 10 to the basic financial statements.

**TABLE 4**  
**CAPITAL ASSETS AT JUNE 30**

	<u>2020</u>	<u>2019</u>
Land	\$ 122,820	\$ 122,820
Land Improvements	809,198	724,696
Buildings and Improvements	22,264,670	22,500,040
Furniture, Fixtures and Equipment	833,902	867,751
Vehicles	517,352	518,586
Educational Media	<u>54,468</u>	<u>64,315</u>
Total Net Capital Assets	<u>\$ 24,602,410</u>	<u>\$ 24,798,208</u>

Overall, net capital assets decreased \$195,798 from fiscal year 2019 amounts. This decrease in net capital assets results from the current year depreciation expense being a greater amount than current year acquisition of capital assets. Depreciation expense for the fiscal year was \$522,163 with total additions to capital assets amounting to \$346,143.

Cost associated with repair and maintenance of the School District's facilities and other assets that do not extend the useful life of the capitalized item, is included within the plant operation and maintenance function.

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**GREENE COUNTY, OHIO**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2020  
(Unaudited)

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**Debt Administration**

At June 30, 2020, the School District had \$11.3 million in general obligation bonds and \$1.9 million in capital lease obligation outstanding. Of the \$13.2 in total general obligations outstanding at fiscal year-end, only \$65,000 is due for payment during the next fiscal year. Payments for the Qualified School Construction Bonds are being deposited into a sinking fund until the first payment becomes due in fiscal year 2027.

At June 30, 2020, the School District's overall legal debt margin was approximately \$3.2 million and the total unvoted debt margin was \$110,443.

For more detailed disclosures regarding the School District's debt obligations the reader should refer to Notes 15 and 16 to the basic financial statements.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Joy Kitzmiller, Treasurer at Cedar Cliff Local School District, P.O. Box 45, Cedarville, OH 45314 or email at [jkitzmiller@ccliff.net](mailto:jkitzmiller@ccliff.net).

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Statement of Net Position  
June 30, 2020

	Governmental Activities
<b>ASSETS:</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 7,193,581
Materials and Supplies Inventory	12,356
Income Taxes Receivable	441,524
Property Taxes Receivable	3,012,151
Accounts Receivable	21,955
Intergovernmental Receivable	3,840
Prepaid Items	54,628
Net OPEB Asset	432,128
Restricted Assets:	
Cash and Cash Equivalents with Fiscal Agent	4,201,983
Capital Assets:	
Non Depreciable Assets	122,820
Depreciable Assets	24,479,590
Total Assets	<u>39,976,556</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>	
Deferred Charge on Refunding	57,168
Pension and OPEB	1,861,707
Total Deferred Outflows of Resources	<u>1,918,875</u>
<b>LIABILITIES:</b>	
Accounts Payable	112,777
Accrued Wages and Benefits	610,766
Intergovernmental Payable	135,683
Accrued Interest Payable	58,396
Long-Term Liabilities:	
Due Within One Year	85,250
Due In More Than One Year:	
Net OPEB Liability	820,474
Net Pension Liability	7,662,312
Other Amounts Due in More than One Year	13,534,920
Total Liabilities	<u>23,020,578</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Property Taxes not Levied to Finance Current Year Operations	2,872,541
Pension and OPEB	1,274,726
Total Deferred Inflows of Resources	<u>4,147,267</u>
<b>NET POSITION:</b>	
Net Investment in Capital Assets	11,350,851
Restricted	5,984,626
Unrestricted (Deficit)	(2,607,891)
Total Net Position	<u>\$ 14,727,586</u>

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Statement of Activities  
For the Fiscal Year Ended June 30, 2020

<b>Functions/Programs:</b>	Expenses	Program Revenues		Net (Expense)
		Charges for	Operating	Revenue and
		Services	Grants and	Changes in
			Contributions	Net Position
				Governmental
				Activities
Governmental Activities:				
Instruction:				
Regular	\$ 3,667,750	\$ 756,944	\$ 15,686	\$ (2,895,120)
Special	1,240,135	-	188,387	(1,051,748)
Student Intervention Services	2,446	-	-	(2,446)
Other	293,653	-	-	(293,653)
Support Services:				
Pupils	586,783	-	62,366	(524,417)
Instructional Staff	356,002	-	-	(356,002)
Board of Education	13,809	-	-	(13,809)
Administration	708,614	-	-	(708,614)
Fiscal	399,913	-	-	(399,913)
Operation and Maintenance				
of Plant	1,126,961	11,307	14,050	(1,101,604)
Pupil Transportation	317,186	-	-	(317,186)
Central	29,547	-	-	(29,547)
Non-Instructional Services	205,072	87,814	74,351	(42,907)
Extracurricular Activities	477,246	188,228	33,767	(255,251)
Interest and Fiscal Charges	695,276	-	217,345	(477,931)
Total	<u>\$ 10,120,393</u>	<u>\$ 1,044,293</u>	<u>\$ 605,952</u>	(8,470,148)
General Revenues:				
Property Taxes Levied for:				
General Purposes				2,216,984
Debt Service				551,975
Capital Outlay				206,214
Income Taxes Levied for:				
General Purposes				958,542
Capital Outlay				195,759
Facility Maintenance				43,878
Grants, Entitlements and Contributions not				
Restricted to Specific Programs				2,985,813
Investment Earnings				324,715
Miscellaneous				61,014
Total General Revenues				<u>7,544,894</u>
Change in Net Position				(925,254)
Net Position, Beginning of Year - Restated				<u>15,652,840</u>
Net Position, End of Year				<u>\$ 14,727,586</u>

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Balance Sheet  
Governmental Funds  
June 30, 2020

	General Fund	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 5,404,155	\$ 393,638	\$ 1,395,788	\$ 7,193,581
Receivables:				
Property Taxes	2,254,393	549,998	207,760	3,012,151
Income Taxes	353,219	-	88,305	441,524
Accounts	21,705	-	250	21,955
Intergovernmental	-	-	3,840	3,840
Materials and Supplies Inventory	6,574	-	5,782	12,356
Prepaid Items	46,525	321	7,782	54,628
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	-	4,201,983	-	4,201,983
Total Assets	<u>\$ 8,086,571</u>	<u>\$ 5,145,940</u>	<u>\$ 1,709,507</u>	<u>\$ 14,942,018</u>
<b>LIABILITIES:</b>				
Accounts Payable	\$ 37,309	\$ -	\$ 75,468	\$ 112,777
Accrued Wages and Benefits	578,362	-	32,404	610,766
Intergovernmental Payable	132,209	-	3,474	135,683
Total Liabilities	<u>747,880</u>	<u>-</u>	<u>111,346</u>	<u>859,226</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Property Taxes not Levied to Finance				
Current Year Operations	2,150,493	523,952	198,096	2,872,541
Unavailable Revenue	88,834	3,939	17,967	110,740
Total Deferred Inflows of Resources	<u>2,239,327</u>	<u>527,891</u>	<u>216,063</u>	<u>2,983,281</u>
<b>FUND BALANCES:</b>				
Nonspendable	53,099	321	13,564	66,984
Restricted	-	4,617,728	1,389,738	6,007,466
Committed	147,894	-	-	147,894
Assigned	907,968	-	-	907,968
Unassigned (Deficit)	3,990,403	-	(21,204)	3,969,199
Total Fund Balances	<u>5,099,364</u>	<u>4,618,049</u>	<u>1,382,098</u>	<u>11,099,511</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,086,571</u>	<u>\$ 5,145,940</u>	<u>\$ 1,709,507</u>	<u>\$ 14,942,018</u>

See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Reconciliation of Total Governmental Fund Balances  
to Net Position of Governmental Activities  
June 30, 2020

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Total Governmental Fund Balances	\$	11,099,511
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*Amounts reported for governmental activities in the  
statement of net position are different because:*

Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.		24,602,410
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Certain receivables are not available to provide current financial resources  
and are reported as deferred inflows of resources in governmental funds:

Property Taxes Receivable		21,109
Income Taxes Receivable		82,625
Accounts Receivable		7,007

The net pension and OPEB assets/liabilities are not due and payable in the current  
period; therefore, the asset/liability and related deferred inflows/outflows are not  
reported in governmental funds:

Deferred Outflows - Pension and OPEB		1,861,707
Deferred Inflows - Pension and OPEB		(1,274,726)
Net OPEB Asset		432,128
Net OPEB Liability		(820,474)
Net Pension Liability		(7,662,312)

Some liabilities and deferred outflows of resources are not due and  
payable in the current period and therefore are not reported in the  
funds. Those items consist of:

Capital Lease Payable		(1,865,000)
General Obligation Bonds Payable		(11,290,000)
Accrued Interest Payable		(58,396)
Deferred Charge on Refunding		57,168
Premium on Bonds		(153,727)
Compensated Absences Payable		(311,444)

Net Position of Governmental Activities	\$	<u>14,727,586</u>
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See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE 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, 2020

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Total Net Change in Fund Balances - Total Governmental Funds	\$	(333,909)
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*Amounts reported for governmental activities in the statement  
of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense and report a gain or loss on the disposal of capital assets:

Depreciation Expense		(522,163)
Capital Asset Additions		346,143
Carrying Value of Capital Assets Disposed of		(19,778)

Revenues reported in the statement of activities that do not provide current financial resources are not reported as revenue in the funds:

Property Taxes		1,840
Income Taxes		(14,607)
Intergovernmental Grants		(1,611)
Tuition and Fees		(705)

Repayment of long-term obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net position:

Capital Lease Principal Payments		60,000
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Some expenses reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:

Accrued Interest Payable		175
Amortization of Bond Premium		9,918
Amortization of Deferred Charge on Refunding		(3,574)
Compensated Absences Payable		(65,142)

Contractually required contributions to pension and OPEB plans are reported as expenditures in governmental funds, however, the statement of activities reports these amounts as deferred outflows of resources.

Pension Plans		595,922
OPEB Plans		22,588

Except for amounts reported as deferred inflows and outflows of resources related to pension and OPEB, changes in the net pension and OPEB assets/liabilities are reported as expenses (or negative expenses) in the statement of activities.

Pension Plans		(1,101,477)
OPEB Plans (negative expense)		<u>101,126</u>

Change in Net Position of Governmental Activities	\$	<u>(925,254)</u>
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See accompanying notes to the basic financial statements.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2020

	General Fund	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Property Taxes	\$ 2,215,426	\$ 551,821	\$ 206,087	\$ 2,973,334
Income Taxes	970,228	-	242,558	1,212,786
Intergovernmental	2,885,986	292,265	378,150	3,556,401
Tuition and Fees	731,312	-	-	731,312
Rent	11,307	-	-	11,307
Interest	223,552	92,967	8,196	324,715
Extracurricular Activities	68,188	-	146,377	214,565
Customer Services and Sales	-	-	87,814	87,814
Gifts and Donations	8,306	-	28,669	36,975
Miscellaneous	59,264	-	1,750	61,014
Total Revenues	<u>7,173,569</u>	<u>937,053</u>	<u>1,099,601</u>	<u>9,210,223</u>
<b>EXPENDITURES:</b>				
Current:				
Instruction:				
Regular	3,009,041	-	78,322	3,087,363
Special	977,818	-	206,789	1,184,607
Student Intervention Services	2,446	-	-	2,446
Other	293,037	-	-	293,037
Support Services:				
Pupils	504,928	-	54,527	559,455
Instructional Staff	262,330	-	61,545	323,875
Board of Education	13,809	-	-	13,809
Administration	650,667	-	3,529	654,196
Fiscal	336,022	8,790	7,571	352,383
Operation and Maintenance of Plant	603,331	-	345,980	949,311
Pupil Transportation	250,874	-	38,214	289,088
Central	29,547	-	-	29,547
Non-Instructional Services	-	-	186,785	186,785
Extracurricular Activities	243,944	-	229,862	473,806
Capital Outlay	382,629	-	-	382,629
Debt Service:				
Principal	-	-	60,000	60,000
Interest	-	605,264	96,531	701,795
Total Expenditures	<u>7,560,423</u>	<u>614,054</u>	<u>1,369,655</u>	<u>9,544,132</u>
Net Change in Fund Balances	(386,854)	322,999	(270,054)	(333,909)
Fund Balance, Beginning of Year - Restated	<u>5,486,218</u>	<u>4,295,050</u>	<u>1,652,152</u>	<u>11,433,420</u>
Fund Balance, End of Year	<u>\$ 5,099,364</u>	<u>\$ 4,618,049</u>	<u>\$ 1,382,098</u>	<u>\$ 11,099,511</u>

See accompanying notes to the basic financial statements.



**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Statement of Revenues, Expenditures and Changes in  
Fund Balance - Budget (Non-GAAP) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>Revenues:</u></b>				
Property Taxes	\$ 1,970,000	\$ 1,970,000	\$ 2,023,954	\$ 53,954
Income Taxes	1,104,382	1,104,382	1,094,259	(10,123)
Intergovernmental	2,977,000	2,977,000	2,853,287	(123,713)
Tuition and Fees	690,521	690,521	732,057	41,536
Interest	122,400	122,400	126,016	3,616
Rent	6,250	6,250	11,483	5,233
Gifts and Donations	100	100	-	(100)
Miscellaneous	1,000	1,000	1,554	554
<i>Total Revenues</i>	<u>6,871,653</u>	<u>6,871,653</u>	<u>6,842,610</u>	<u>(29,043)</u>
<b><u>Expenditures:</u></b>				
Current:				
Instruction:				
Regular	3,026,664	3,026,664	2,969,180	57,484
Special	812,689	812,689	911,729	(99,040)
Student Intervention Services	2,829	2,829	2,343	486
Other	86,500	86,500	92,228	(5,728)
Support Services:				
Pupils	566,432	566,432	507,229	59,203
Instructional Staff	299,196	299,196	277,169	22,027
Board of Education	15,750	15,750	13,863	1,887
Administration:	649,337	649,337	646,556	2,781
Fiscal	327,956	327,956	334,902	(6,946)
Operation and Maintenance of Plant	679,310	679,310	574,186	105,124
Pupil Transportation	318,141	318,141	269,872	48,269
Central	38,000	38,000	30,482	7,518
Extracurricular Activities	239,161	239,161	200,885	38,276
Capital Outlay	400,000	400,000	382,629	17,371
<i>Total Expenditures</i>	<u>7,461,965</u>	<u>7,461,965</u>	<u>7,213,253</u>	<u>248,712</u>
Excess of Revenues Over (Under) Expenditures	<u>(590,312)</u>	<u>(590,312)</u>	<u>(370,643)</u>	<u>219,669</u>
<b><u>Other Financing Sources:</u></b>				
Refund of Prior Year Expenditures	2,061	2,061	9,342	7,281
<i>Total Other Financing Sources (Uses)</i>	<u>2,061</u>	<u>2,061</u>	<u>9,342</u>	<u>7,281</u>
Net Change in Fund Balance	(588,251)	(588,251)	(361,301)	226,950
Fund Balance, Beginning of Year	5,370,108	5,370,108	5,370,108	-
Prior Year Encumbrances Appropriated	40,990	40,990	40,990	-
Fund Balance, End of Year	<u>\$ 4,822,847</u>	<u>\$ 4,822,847</u>	<u>\$ 5,049,797</u>	<u>\$ 226,950</u>

See accompanying notes to the basic financial statements.

***CEDAR CLIFF LOCAL SCHOOL DISTRICT***  
***GREENE COUNTY, OHIO***

Statement of Changes in Fiduciary Net Position  
For the Fiscal Year Ended June 30, 2020

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	<u>Private Purpose Trust Fund</u>
Additions:	
Gifts and Contributions	<u>\$    15,001</u>
Total Additions	15,001
Deductions:	
Payments in Accordance with Trust Agreements	<u>21,000</u>
Total Deductions	<u>21,000</u>
Change in Net Position	(5,999)
Net Position at Beginning of Year	<u>5,999</u>
Net Position at End of Year	<u><u>\$        -</u></u>

See accompanying notes to the basic financial statements.

***CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO***

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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

Cedar Cliff Local School District (the "School District") is a body politic and corporate for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by State and/or federal agencies.

The School District serves an area of approximately 49 square miles. It is staffed by 30 noncertified employees, 45 certified full-time teaching personnel, and 9 administrators, who provide services to 634 students and other community members. The School District currently operates one instructional/support facility.

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 consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities of the School District. Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with four jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Note 17 and 18 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

- Miami Valley Educational Computer Association (MVECA)
- Southwestern Ohio Educational Purchasing Council (SOEPC)
- Southwestern Ohio Instructional Technology Association (SOITA)
- Greene County Career Center

Insurance Purchasing Pool:

- Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Program (GRP)

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

The financial statements of the Cedar Cliff Local School District have been prepared in conformity with generally accepted accounting principles (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 more significant of the School District's accounting policies are described below.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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

***A. Basis of Presentation***

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide statements usually distinguish between those activities that are governmental and those that are business-type. The School District, however, has no activities which are reported as business-type.

The statement of net position presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

**Fund Financial Statements**

During the year, the School District segregates transactions related to certain School 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 School District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

***B. Fund Accounting***

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental and fiduciary.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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

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, liabilities, and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

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

Bond Retirement Fund - The bond retirement fund is used to account for financial resources that are restricted, committed, or assigned for expenditures for the payment of general long-term debt principal, interest, and related costs.

The other governmental funds of the School District account for grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

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. The School District's only trust fund is a private purpose trust which accounts for various college scholarship programs for students.

***C. Measurement Focus***

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities accounts for increases (i.e. revenues) and decreases (i.e. expenses) in total 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 along with current liabilities and deferred inflows of resources 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 reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The private purpose trust fund is reported using the economic resources measurement focus.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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

***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows 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. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty (60) days of fiscal year end.

Non-exchange transactions, in which the School 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 7). 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School 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, income taxes, grants, charges for services, and student fees.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charge on refunding, pension, and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained further in Notes 12 and 13.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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

In addition to liabilities, the statements of financial position 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 until that time. For the School District, deferred inflows of resources include property taxes, unavailable revenue, pension, and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and 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 School District, unavailable revenue includes delinquent property taxes, income taxes, intergovernmental grants, and student fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 12 and 13).

**Expenditures/Expenses**

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. Allocation of costs, such as depreciation and amortization are not recognized in governmental funds.

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

***E. Budget Data***

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue, are identified by the School District. 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 issued during fiscal year 2020.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. 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 represent the final appropriation amounts passed by the Board during the year.



**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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

***F. Cash and Cash Equivalents***

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "cash and cash equivalents". The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2020 amounted to \$223,552; which includes \$40,776 assigned from other funds.

During fiscal year 2020, the School District held investments in money market mutual accounts, negotiable certificates of deposit, federal agency securities and State Treasury Asset Reserve (STAR) of Ohio. Investments are reported at fair value, which is based on quoted market prices. An analysis of the School District's investments at fiscal year-end is provided in Note 6.

***G. Inventory***

On government-wide financial statements, inventories are presented at the lower cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed rather than when purchased.

***H. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2020, are recorded as prepaid items using the consumption method and recording a current asset for the prepaid amount and reflecting the expenditure in the year in which services are consumed.

***I. Restricted Assets***

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the Bond Retirement Fund include amounts required to be deposited in a mandatory sinking fund by the School District's Qualified School Construction Bond agreement.

***J. Capital Assets and Depreciation***

The School District's only capital assets are general capital assets. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities on the government-wide statement of net position but are not reported in the fund financial statements.

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



**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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

All reported capital assets except for land 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>Estimated Lives</u>
Land Improvements	20 years
Buildings	99 years
Building Improvements	20 years
Furniture, Fixtures, and Equipment	5 - 20 years
Vehicles	10 - 20 years
Educational Media	6 - 15 years

***K. Interfund Activity***

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures or 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 and uses in governmental funds. Repayments from funds responsible for particular expenditures or expenses to the funds that initially paid for them are not presented on the financial statements.

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

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and from current financial resources, are reported as obligations of the funds. However, claims and judgments, 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. Net pension and OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension and OPEB plans' fiduciary net position is not sufficient for payment of those benefits.

The capital lease, general obligation bonds, and accrued interest that will be paid from governmental funds are recognized as a liability in the fund financial statements when payment is due.

***M. Compensated Absences***

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

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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

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

On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts, if any, are recorded in the account “Matured Compensated Absences Payable” in the funds from which the employees will be paid.

***N. Net Pension/Other Postemployment Benefit (OPEB) Plans***

For purposes of measuring the net pension and OPEB assets/liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the pension and 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 and OPEB plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension and OPEB plans report investments at fair value.

***O. Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the School 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 category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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 School District’s governing board. Those committed amounts cannot be used for any other purpose unless the governing board 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 School District for specific purposes but do not meet the criteria to be classified as restricted or 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 the policies of the Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year’s appropriated budget in the general fund.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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

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

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are 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.

***P. Net Position***

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on the use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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

***Q. Estimates***

The preparation of the financial statements in conformity with generally accepted accounting principles 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.

**NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2020, the School District implemented the Governmental Accounting Standards Board (GASB) Statements No. 84, *Fiduciary Activities* and No. 90, *Majority Equity Interests – an amendment of GASB Statement No. 14* and No. 61.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. The School District reviewed the funds previously reported as agency funds and has reclassified one of those funds as a governmental fund, which resulted in the following restatements as of June 30, 2019:

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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**NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES (Continued)**

	<u>Governmental</u> <u>Activities</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Net Position/Fund Balance at 6/30/2019, as previously reported.	\$ 15,606,430	\$ 1,605,742	\$ 11,387,010
Adjustments:			
Reclassification of funds required by GASB Statement No. 84.	<u>46,410</u>	<u>46,410</u>	<u>46,410</u>
Net Position/Fund Balance at 6/30/2019, as restated.	<u>\$ 15,652,840</u>	<u>\$ 1,652,152</u>	<u>\$ 11,433,420</u>

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the School District.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP) and Actual – 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 GAAP basis for the general fund are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the fund liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as restricted, committed or assigned fund balance for governmental fund types (GAAP basis).
4. Certain Other Financing Sources reported on the budget basis are not reported within the fund on the GAAP basis.
5. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
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For the Fiscal Year Ended June 30, 2020

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**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

	<u>Net Change in Fund Balance</u> <u>General Fund</u>
GAAP Basis	\$ (386,854)
Revenue Accruals	65,270
Expenditure Accruals	20,146
Encumbrances	(10,240)
Other Financing Sources	9,342
Change in Fund Balance of Funds Combined with General Fund for Reporting Purposes	<u>(58,965)</u>
Budget Basis	<u>\$ (361,301)</u>

**NOTE 5 – ACCOUNTABILITY**

At June 30, 2020 the Title VI-B Grant special revenue fund had a deficit fund balance of \$21,204. The general fund is liable for any deficit in other funds and provides operating transfers when cash is required, not when accruals occur.

**NOTE 6 - DEPOSITS AND INVESTMENTS**

State statutes require the classification of monies held by the School District into three categories.

Active Monies – Those monies required to be kept in a “cash” or “near-cash” statues for the immediate use of the district. Such monies must be maintained either as cash in the treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive Monies – Those monies not required for use within the current five-year period of designation of depositories. Inactive monies may be deposited or invested as certificate of deposit maturing no later than the end of the current period of designation of depositories, or as savings or deposit accounts including, but not limited to, passbook accounts.

Interim Monies – 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 five years from the date of deposit, or by savings or deposit accounts, including passbook accounts. Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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;

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**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Sallie Mae. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
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;
7. The State Treasurer's investment pool (STAR Ohio);
8. Commercial paper notes, limited to 40% (5% for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed 270 days.
9. Bankers' acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed 180 days.

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. Investments may only be made through specified dealers and institutions.

**Cash on Hand**

At fiscal year-end, the School District had \$50 in un-deposited cash on hand which is included on the balance sheet of the School District as part of "cash and cash equivalents".

**Restricted Assets: Cash and Cash Equivalents with Fiscal Agent**

At fiscal year-end, the School District had \$4,201,983 shown as restricted assets: cash and cash equivalents with fiscal agent in the bond retirement fund. This restricted cash is the balance in the mandatory sinking fund required by the Qualified School Construction Bonds.

**Deposits**

Custodial credit risk is the risk that, in the event of bank failure, the School District's deposits may not be returned. The School District's policy for deposits is that any balance not covered by depository insurance will be collateralized by the financial institution with pledged securities. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

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 market value of the securities to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.



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**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

At fiscal year-end, none of the School District's bank deposits was exposed to custodial credit risk, while \$337,474 was covered by the FDIC. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments

At June 30, 2020, the School District's investments consisted of the following:

Investment Type	Measurement	Maturity Dates in Years			% of Portfolio
	Value	Less than 1	1 to 3	More than 3	
Negotiable CDs	\$ 4,330,580	\$ 1,511,898	\$ 2,545,305	\$ 273,377	70.0%
STAR Ohio	1,061,674	1,061,674	-	-	17.2%
Money Market Mutual	793,357	793,357	-	-	12.8%
Total	<u>\$ 6,185,611</u>	<u>\$ 3,366,929</u>	<u>\$ 2,545,305</u>	<u>\$ 273,377</u>	

*Interest Rate Risk:* The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt, and that an investment must be purchased with the expectation that it will be held to maturity. All investments of the School District mature within five years.

*Credit Risk:* The School District's investments carry the following ratings by Standard & Poor's: money market mutual fund – AAA and STAR Ohio - AAAM. The School District's negotiable certificates of deposit were not rated, however the entire balance is covered by FDIC. The School District's investment policy limits investments to those 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 School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. \$4,330,580 of the negotiable certificate of deposits was covered by FDIC. The School District's investment policy does not address investment custodial risk beyond the requirement 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 School District places no limit on the amount that may be invested in any one issuer.

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 GASB Statement No. 79, "Certain External Investment Pools and Participants". The School 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 the NAV per share that approximates fair value.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
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Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

For fiscal year 2020, 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 for all deposits or withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transactions to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participants will be combined for these purposes.

**Fair Value Measurement**

The School District's investments measured and reported at fair value are classified according to the following hierarchy:

- |           |                                                                                                                                                                                  |
|-----------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Level 1 – | Investments reflect prices quoted in active markets.                                                                                                                             |
| Level 2 – | Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active. |
| Level 3 – | Investments reflect prices based upon unobservable sources.                                                                                                                      |

The categorization of investments within the hierarchy is based upon the transparency of the instrument and should not be perceived as the particular investment's risk. The School District's investments in negotiable certificates of deposits are categorized as level 2 – observable inputs, as of June 30, 2020. Investments classified in Level 2 of the fair value hierarchy are valued using pricing sources as provided by the investment managers.

The School District's investments in STAR Ohio and money market mutual fund are measured at NAV and amortized cost, respectively, and therefore, these investments are not classified based on the hierarchy provided above.

**NOTE 7 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School 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, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2020 represents collections of calendar year 2019 taxes, which were levied after April 1, 2019, on the assessed value listed as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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 real property tax revenue received in calendar 2020 represents collections of calendar year 2019 taxes, which, became a lien December 31, 2018, were levied after April 1, 2019 and are collected in 2020 with real property taxes. Public utility real property is assessed at thirty-five percent of true value.



**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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**NOTE 7 - PROPERTY TAXES (Continued)**

The School District receives property taxes from Greene and Clark Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assess values upon which the fiscal year 2020 taxes were collected are:

	2020 First Half Collections		2019 Second Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate property	\$ 102,265,600	92.60%	\$ 101,416,680	93.76%
Public utility real property	8,176,900	7.40%	6,745,670	6.24%
Total	<u>\$ 110,442,500</u>	<u>100.00%</u>	<u>\$ 108,162,350</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$40.34</u>		<u>\$40.81</u>	

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2020 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 of resources. The amount available as an advance at June 30, 2020, was \$88,173 in the general fund, \$22,107 in the bond retirement fund, and \$8,222 in the permanent improvement fund.

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

**NOTE 8 – INCOME TAX**

The School District levies a voted tax of one percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1991 and is a continuing tax. The School District's residents also approved a .25% income tax for capital projects purposes in November 2009 with an effective date of January 2010. The School District authorized an annual portion of the .25% income tax to be earmarked to satisfy the maintenance of completed facilities in the Maintenance Fund. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue in the amount of \$970,228 and \$242,558 was credited to the general and non-major governmental funds, respectively, during fiscal year 2020.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
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**NOTE 9 - RECEIVABLES**

Receivables at June 30, 2020, consisted of current and delinquent property taxes, income taxes, accounts, and intergovernmental grants. 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 fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

*Non-major Governmental Funds:*

Title IIA Grant	\$ 1,000
Student Support and Academic Enrichment	2,840
Non-major Governmental Funds	<u>3,840</u>
Total Intergovernmental Receivables	<u>\$ 3,840</u>

**NOTE 10 - CAPITAL ASSETS**

A summary of the School District's general capital assets for fiscal year 2020 is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<i><u>Capital Assets, not being depreciated</u></i>				
Land	\$ 122,820	\$ -	\$ -	\$ 122,820
<i><u>Capital Assets, being depreciated</u></i>				
Land Improvements	1,062,131	147,333	-	1,209,464
Buildings and Improvements	25,559,919	30,827	(31,120)	25,559,626
Furniture, Fixtures and Equipment	2,124,187	127,438	-	2,251,625
Vehicles	807,502	40,545	(64,676)	783,371
Educational Media	272,794	-	-	272,794
Total Depreciable Capital Assets	<u>29,826,533</u>	<u>346,143</u>	<u>(95,796)</u>	<u>30,076,880</u>
<i><u>Less: Accumulated Depreciation</u></i>				
Land Improvements	(337,435)	(62,831)	-	(400,266)
Buildings and Improvements	(3,059,879)	(252,887)	17,810	(3,294,956)
Furniture, Fixtures and Equipment	(1,256,436)	(161,287)	-	(1,417,723)
Vehicles	(288,916)	(35,311)	58,208	(266,019)
Educational Media	(208,479)	(9,847)	-	(218,326)
Total Accumulated Depreciation	<u>(5,151,145)</u>	<u>(522,163) *</u>	<u>76,018</u>	<u>(5,597,290)</u>
<b>Depreciable Capital Assets, Net</b>	<u>24,675,388</u>	<u>(176,020)</u>	<u>(19,778)</u>	<u>24,479,590</u>
<b>Total Capital Assets, Net</b>	<u>\$ 24,798,208</u>	<u>\$ (176,020)</u>	<u>\$ (19,778)</u>	<u>\$ 24,602,410</u>

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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**NOTE 10 - CAPITAL ASSETS (Continued)**

\* - Depreciation expense was charged to governmental functions as follo

Instruction:	
Regular	\$ 423,834
Special	814
Support Services:	
Instructional support	11,172
Operation and maintenance of plant	16,555
Pupil transportation	32,583
Non-instructional services	9,868
Extracurricular activities	<u>27,337</u>
<b>Total Depreciation Expense</b>	<b><u>\$ 522,163</u></b>

**NOTE 11 - RISK MANAGEMENT**

Property and Liability

The School District is exposed to various risks of loss related to torts, thefts-of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2020, the School District contracted with the Liberty Mutual Insurance Company for property, fleet insurance, liability insurance and inland coverage.

Coverage limits provided by Liberty Mutual Insurance as of June 30, 2020 follows:

Buildings and Contents - replacement cost (\$2,500 deductible)	\$ 44,140,273
Inland Marine Coverage (\$250/\$500 deductible)	443,620
Boiler and Machinery (\$1,000 deductible)	44,140,273
Monies and Securities	10,000
Automobile Liability	1,000,000
Uninsured Motorists	1,000,000
General Liability Per Occurrence	1,000,000
Aggregate	2,000,000
Umbrella	3,000,000
Violent Event Response Coverage	1,000,000
Data Compromise	50,000

There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage for any part of the last three years.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
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**NOTE 11 - RISK MANAGEMENT (Continued)**

**Workers' Compensation**

For fiscal year 2020, the School District participated in the Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School 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 Integrated Comp Incorporated provides administrative, cost control and actuarial services to the GRP.

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions 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 liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability 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 this estimate annually.

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

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

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 **	Eligible to retire on or after August 1, 2017
Full benefits	Any age with 30 years of service credit or age 65 with 5 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 year of service; 2.2% for the first 30 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.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

***Funding Policy*** – Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, and Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the 14% was allocated to only three of the funds (Pension Trust Fund, Death Benefit Fund and Medicare B Fund).

**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
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Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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

The School District's contractually required contribution to SERS was \$163,012 for fiscal year 2020. Of this amount, \$31,020 is reported as an intergovernmental payable.

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

***Plan Description*** – School District licensed teachers and other faculty members participate in STRS Ohio, 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 Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Members are eligible to retire at age 60 with five years of qualifying service credit, or at age 55 with 26 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all 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 2% goes 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 services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 or later.

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 Ohio 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 Ohio bearing the risk of investment gain or loss on the account. STRS Ohio therefore has included all three plan options as one defined benefit plan for GASB Statement No. 68 reporting purposes.

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Notes to the Basic Financial Statements  
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**NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)**

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

**Funding Policy** – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2020, plan members were required to contribute 14% of their annual covered salary. The School District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was approximately \$432,910 for fiscal year 2020. Of this amount, \$72,436 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School 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:

	SERS	STRS	Total
Proportionate share of the net pension liability	\$ 1,892,474	\$ 5,769,838	\$ 7,662,312
Proportion of the net pension liability	0.0316299%	0.0260909%	
Change in proportionate share	-0.0017737%	0.0008638%	
Pension expense	\$ 327,278	\$ 774,199	\$ 1,101,477

At June 30, 2020 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<u>Deferred Outflows of Resources:</u>			
Differences between expected and actual experience	\$ 47,989	\$ 46,977	\$ 94,966
Change in assumptions	-	677,778	677,778
Change in School District's proportionate share and difference in employer contributions	28,844	236,641	265,485
School District contributions subsequent to the measurement date	163,012	432,910	595,922
Total	<u>\$ 239,845</u>	<u>\$ 1,394,306</u>	<u>\$ 1,634,151</u>

(Continued)



**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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

	SERS	STRS	Total
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ -	\$ 24,976	\$ 24,976
Net difference between projected and actual earnings on pension plan investments	24,292	281,998	306,290
Change in School District's proportionate share and difference in employer contributions	57,603	86,491	144,094
Total	<u>\$ 81,895</u>	<u>\$ 393,465</u>	<u>\$ 475,360</u>

\$595,922 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	\$ 43,634	\$ 379,783	\$ 423,417
2022	(60,856)	93,339	32,483
2023	(1,617)	27,681	26,064
2024	13,777	67,128	80,905
	<u>\$ (5,062)</u>	<u>\$ 567,931</u>	<u>\$ 562,869</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 consider the employee's entire career with the employer and 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.



**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented below:

Wage inflation	3.00 percent
Future salary increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.50 percent
Investment rate of return	7.50 percent of net investments expense, including inflation
Actuarial cost method	Entry Age Normal

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 for active members. 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 were 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 actuarial assumptions used were based on the results of an actuarial experience study for the period ending July 1, 2010 to June 30, 2015 adopted by the Board on April 21, 2016.

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 averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00%	0.50%
US stocks	22.50%	4.75%
Non-US stocks	22.50%	7.00%
Fixed income	19.00%	1.50%
Private equity	10.00%	8.00%
Real assets	15.00%	5.00%
Multi-asset strategies	10.00%	3.00%
Total	<u>100.00%</u>	

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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

**Discount Rate** – Total pension liability was calculated using the discount rate of 7.5%. 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 earning were calculated using the long-term assumed investment rate of return (7.5%). 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 School 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 7.5%, 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 (6.5%), or one percentage point higher (8.5%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$ 2,652,033	\$ 1,892,474	\$ 1,255,489

**Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Payroll increases	3.00 percent
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Discount rate of return	7.45 percent
Cost-of-living adjustments (COLA)	0.00 percent

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

The actuarial assumptions were based on the results of an actual experience study for the period July 1, 2011 through June 30, 2016.

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:

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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

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

\* - Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

**Discount Rate** – The discount rate used to measure the total pension liability was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

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

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$ 8,431,976	\$ 5,769,838	\$ 3,516,203

**Social Security System**

All employees not covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2020, four of the members of the Board of Education has elected social security. The Board's liability is 6.2% of wages paid.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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**NOTE 13 – POSTEMPLOYMENT BENEFITS**

***Net OPEB Asset/Liability***

The net OPEB liability (asset) reported on the statement of net position represents a liability to (or assets for) employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* or fully-funded benefits as a long-term *net OPEB asset* on the accrual basis of accounting. Any liability for contractually-required OPEB contributions outstanding at the end of the fiscal year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

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

*Health Care Plan Description*—The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB Statement No. 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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**NOTE 13 – POSTEMPLOYMENT BENEFITS (Continued)**

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

*Funding Policy*—State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, there was no portion allocated to 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 2020, the minimum compensation amount was \$19,600. 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 2020, the School District's surcharge obligation was \$22,588.

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

*Plan Description*—The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

*Funding Policy*—Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

***OPEB Liability (Asset), 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, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

**NOTE 13 – POSTEMPLOYMENT BENEFITS (Continued)**

	SERS	STRS	Total
Proportionate share of the net OPEB asset	\$ -	\$ 432,128	\$ 432,128
Proportionate share of the net OPEB liability	820,474	-	820,474
Proportion of the net OPEB asset/liability	0.0326259%	0.0260909%	
Change in proportionate share	-0.0012810%	0.0008638%	
OPEB (negative) expense	\$ 30,859	\$ (131,985)	\$ (101,126)

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
<b><u>Deferred Outflows of Resources:</u></b>			
Differences between expected and actual experience	\$ 12,044	\$ 39,176	\$ 51,220
Net difference between projected and actual earnings on OPEB plan investments	1,970	-	1,970
Change in assumptions	59,924	9,084	69,008
Difference between employer contributions and proportionate share of contributions	49,899	32,871	82,770
School District contributions subsequent to the measurement date	22,588	-	22,588
Total	<u>\$ 146,425</u>	<u>\$ 81,131</u>	<u>\$ 227,556</u>
<b><u>Deferred Inflows of Resources:</u></b>			
Differences between expected and actual experience	\$ 180,254	\$ 21,987	\$ 202,241
Net difference between projected and actual earnings on OPEB plan investments	-	27,140	27,140
Change in assumptions	45,975	473,778	519,753
Difference between employer contributions and proportionate share of contributions	28,039	22,193	50,232
Total	<u>\$ 254,268</u>	<u>\$ 545,098</u>	<u>\$ 799,366</u>

\$22,588 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB asset/liability in the year ending June 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:



**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

**NOTE 13 – POSTEMPLOYMENT BENEFITS (Continued)**

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	\$ (38,480)	\$ (102,842)	\$ (141,322)
2022	(18,755)	(102,842)	(121,597)
2023	(18,177)	(91,964)	(110,141)
2024	(18,271)	(88,149)	(106,420)
2025	(26,208)	(80,244)	(106,452)
2026	(10,540)	2,074	(8,466)
	<u>\$ (130,431)</u>	<u>\$ (463,967)</u>	<u>\$ (594,398)</u>

***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 consider the employee's entire career with the employer and take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented below:

Investment rate of return, including inflation	7.50% net of investment expense
Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Municipal bond index rate:	
Prior measurement date	3.62%
Measurement date	3.13%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Prior measurement date	3.70%
Measurement date	3.22%
Municipal bond index rate:	
Pre-Medicare	7.00% - 4.75%
Medicare	5.25% - 4.75%

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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**NOTE 13 – POSTEMPLOYMENT BENEFITS (Continued)**

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00%	0.50%
US stocks	22.50%	4.75%
Non-US stocks	22.50%	7.00%
Fixed income	19.00%	1.50%
Private equity	10.00%	8.00%
Real assets	15.00%	5.00%
Multi-asset strategies	<u>10.00%</u>	3.00%
Total	<u>100.00%</u>	

**Discount Rate** – The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The discount rate used to measure total OPEB liability at June 30, 2018 was 3.70%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and SERS at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13% as of June 30, 2019 (i.e., municipal bond rate) was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.



**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

**NOTE 13 – POSTEMPLOYMENT BENEFITS (Continued)**

***Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and 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 calculated using the discount rate of 3.22%, as well as what the School District's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.22%) and one percentage point higher (4.22%) than the current rate.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
School District's proportionate share of the net OPEB liability	\$ 995,900	\$ 820,474	\$ 680,990

The following table presents the net OPEB liability calculated using current health care cost trend rates, as well as what the School District's net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower (6.00% decreasing to 3.75%) and one percentage point higher (8.00% decreasing to 5.75%) than the current rates.

	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$ 657,366	\$ 820,474	\$ 1,036,879

***Actuarial Assumptions - STRS***

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement:

Salary increases	12.50% at age 20 to 2.50% at age 65	
Payroll increases	3.00%	
Investment rate of return	7.45%, net of investment expenses, including inflation	
Discount rate of return	7.45%	
Health care cost trends	<u>Initial</u>	<u>Ultimate</u>
Medical		
Pre-Medicare	5.87%	4.00%
Medicare	4.98%	4.00%
Prescription Drug		
Pre-Medicare	7.73%	4.00%
Medicare	9.62%	4.00%

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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**NOTE 13 – POSTEMPLOYMENT BENEFITS (Continued)**

Actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased 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.

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

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

\* Target weights will be phased in over 24-month period concluding on July 1, 2019.

\*\* 10-year annualized 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 liability was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on OPEB plan assets of 7.45% was used to measure the total OPEB liability as of June 30, 2019.

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

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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**NOTE 13 – POSTEMPLOYMENT BENEFITS (Continued)**

	<u>1% Decrease (6.45%)</u>	<u>Current Discount Rate (7.45%)</u>	<u>1% Increase (8.45%)</u>
School District's proportionate share of the net OPEB asset	\$ 368,735	\$ 432,128	\$ 485,426
	<u>1% Decrease In Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase In Trend Rates</u>
School District's proportionate share of the net OPEB asset	\$ 490,013	\$ 432,128	\$ 361,232

**NOTE 14 – OTHER EMPLOYEE BENEFITS**

Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one fourth days per month. Sick leave may be accumulated up to a maximum of 240 days for classified staff and certain administrators, and 250 days for certified staff. Upon retirement, payment is made for one fourth of accrued, but unused sick leave credit to a maximum of 62.5 days for all certified employees and certain administrators, and 60 days for classified employees.

Insurance Benefits

The School District provides life insurance, dental insurance, and accidental death and dismemberment insurance to most employees through CoreSource. Medical/surgical benefits are provided through United Health Care of Ohio. Vision insurance is provided through Vision Service Plan of Ohio. Dental insurance is provided through Delta Dental.

**NOTE 15 – CAPITAL LEASE**

During 2011, the School District entered into a lease agreement for a new building, metal roof, geothermal HVAC system, and terrazzo floors. This lease agreement meets the criteria of a capital lease as the risks and benefits of ownership transfers to the leasing party. The capital lease obligation is recorded on the government-wide statements. Principal payments reported in the governmental fund for fiscal year 2020 totaled \$60,000 and are paid out of the permanent improvement fund.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
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Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

**NOTE 15 – CAPITAL LEASE**

The lease agreement provides for minimum annual rental payments as follows:

Fiscal Year Ended June 30,	
2021	\$ 155,481
2022	160,481
2023	160,481
2024	165,481
2025	163,775
2026-2030	845,016
2031-2035	943,225
2036-2038	688,763
Total	3,282,704
Less: Amount Representing Interest	<u>(1,417,704)</u>
Present Value of Net Minimum Lease Payments	<u>\$ 1,865,000</u>

**NOTE 16 - LONG-TERM OBLIGATIONS**

The activity of the School District's long-term obligations during fiscal year 2020 was as follows:

	Balance July 1, 2019	Increase	Decrease	Balance June 30, 2020	Due within One Year
General Obligation Bonds:					
2011 QSCB Bonds	\$ 7,910,000	\$ -	\$ -	\$ 7,910,000	\$ -
2015 Refunding Bonds	3,380,000	-	-	3,380,000	-
Bond Premiums	163,645	-	9,918	153,727	-
Total General Obligation Bonds	<u>11,453,645</u>	<u>-</u>	<u>9,918</u>	<u>11,443,727</u>	<u>-</u>
Net Pension Liability:					
STRS	5,546,871	222,967	-	5,769,838	-
SERS	1,913,089	-	20,615	1,892,474	-
Total Net Pension Liability	<u>7,459,960</u>	<u>222,967</u>	<u>20,615</u>	<u>7,662,312</u>	<u>-</u>
Net OPEB Liability:					
SERS	940,670	-	120,196	820,474	-
Capital Lease Payable	1,925,000	-	60,000	1,865,000	65,000
Compensated Absences	246,302	84,141	19,000	311,443	20,250
Total Long-Term Obligations	<u>\$ 22,025,577</u>	<u>\$ 307,108</u>	<u>\$ 229,729</u>	<u>\$ 22,102,956</u>	<u>\$ 85,250</u>

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
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Notes to the Basic Financial Statements  
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**NOTE 16 - LONG-TERM OBLIGATIONS (Continued)**

Qualified School Construction Bonds

Proceeds from the bonds will be used for the purpose of constructing additions to and renovating and improving existing school buildings and facilities. These bonds were issued on April 15, 2011. The bonds consisted of \$7,910,000 in current bonds with an interest rate of 6.04 percent. The bonds are not subject to mandatory sinking fund redemption, the School District has agreed to make deposits annually on December 1 of each year, into a sinking fund account to be held by the Paying Agent for payment of the principal amount of the bonds at maturity. The bonds are being retired through the Bond Retirement fund. Payments shall be made to the Paying Agent by the School District annually in the amounts needed so that the balance in the sinking fund (after taking into account the interest earned on such fund) shall equal, but not exceed, the mandatory sinking fund balance on the dates listed below:

<u>Calendar Year</u>	<u>Mandatory Sinking Fund Balance</u>
2020	\$ 4,646,760
2021	5,164,068
2022	5,691,722
2023	6,229,929
2024	6,778,900
2025	7,338,850
2026	7,910,000

2015 Refunding Bonds

On February 26, 2015, the School District issued \$3,380,000 of Refunding Bonds to provide resources to purchase U.S. Government securities that were placed, along with a portion of the premium received from the sale of the bonds, in an irrevocable trust for the purpose of generating sufficient resources to satisfy the debt service requirements of \$3,440,000 of the 2011 Build America Bonds. The reacquisition price exceeded the net carrying value of the old debt; this amount is being reported as deferred charge on refunding within the deferred outflows of resources section on the statement of net position and is being amortized over the remaining life of the new debt issued, which is the same as the debt defeased.

The 2015 refunding bonds consisted of \$3,380,000 in current interest bonds with interest rates ranging from 3.25 percent to 4.00 percent and will fully mature on December 1, 2035.

Legal Debt Margins

At June 30, 2020, the School District's overall legal debt limitation was \$3,245,446 and the un-voted debt margin was \$110,443.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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**NOTE 16 - LONG-TERM OBLIGATIONS (Continued)**

**Required Debt Service – General Obligation Bonds**

The scheduled payments of principal and interest on general obligation debt outstanding at June 30, 2020 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2021	\$ -	\$ 605,264	\$ 605,264
2022	-	605,264	605,264
2023	-	605,264	605,264
2024	-	605,264	605,264
2025	-	605,264	605,264
2026-2030	8,925,000	1,303,621	10,228,621
2031-2035	1,935,000	284,000	2,219,000
2036	430,000	8,600	438,600
Total	<u>\$ 11,290,000</u>	<u>\$ 4,622,541</u>	<u>\$ 15,912,541</u>

**NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS**

*Miami Valley Educational Computer Association*

The School District is a participant in the Miami Valley Educational Computer Association (MVECA), which is a computer consortium. MVECA is an association of public school districts within the geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MVECA consists of two representatives from each of the participating members. The School District paid MVECA \$90,113 for services provided during the year. Financial information can be obtained from MVECA located at 330 Enon Road, Yellow Springs, Ohio 45387.

*Southwestern Ohio Educational Purchasing Council*

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of over 126 public school districts in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2020, the School District paid \$635,416 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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**NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS (Continued)**

*Southwestern Ohio Instructional Technology Association*

The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of twenty-one representatives of SOITA member's schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene, and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net position shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. The School District paid SOITA \$547 for services provided during the year. To obtain financial information, write to Southwestern Ohio Instructional Technology Association at 1205 East Fifth Street, Dayton, Ohio 45402.

*Greene County Career Center*

The Greene County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected Boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Greene County Career Center, Eva Anderson, who serves as Treasurer, at 2960 W. Enon Rd., Xenia, OH 45385. During fiscal year 2020, the School District did not make any disbursements to the Greene County Career Center.

**NOTE 18 – INSURANCE PURCHASING POOL**

*Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Plan*

The School District participates in the Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Plan (GRP). The GRP's business and affairs are conducted by a 14 member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
**GREENE COUNTY, OHIO**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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**NOTE 19 - CONTINGENCIES**

Grants

The School 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 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2020.

Litigation

The School District is not currently party to any legal proceedings.

COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures impacted the second half of fiscal year 2020 and may impact subsequent fiscal periods of the School District. The impact on the School District's future operating costs, revenues and any recovery from emergency funding, either federal or state, cannot be estimated.

**NOTE 20 - COMMITMENTS**

Encumbrances

At year end the School District had the following amounts encumbered for future purchase obligations:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General Fund	\$ 10,240
Non-major Governmental Funds	<u>95,101</u>
	<u>\$ 105,341</u>



**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
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Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

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**NOTE 21 - SET-ASIDE CALCULATION**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years. The following cash basis information describes the change in the fiscal year-end set-aside amount for capital acquisition. Disclosure of this information is required by State statute.

Set-aside Reserve Balance as of June 30, 2019	\$ -
Current Year Set-aside Requirement	115,185
Current Year Offsets:	
Permanent Improvement Tax Proceeds	(445,257)
Maintenance Fund Tax Proceeds	(43,878)
Excess Carryover from Prior Year	<u>(3,592,529)</u>
Total	\$ <u>(3,966,479)</u>
Balance Carried forward to FY 2021	\$ <u>(3,592,529)</u>
Set-aside Reserve Balance June 30, 2020	\$ <u>-</u>

Although the School District had qualifying disbursements during the year that further reduced the set-aside below zero due to current year offsets, the extra amounts may not be used to reduce the set-aside requirements of future years. As such, there was no need to present information concerning such disbursements.

**NOTE 22 – NET POSITION/FUND BALANCES**

**Net Position**

The net position reported on the Statement of Net Position includes restricted classification. The following table describes the limitations imposed on the use either through enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments:

	<u>Governmental Activities</u>
Restricted Net Position:	
Debt Service	\$ 4,571,549
Capital Projects	855,211
Facilities Maintenance	433,658
Federal and State Education Grants	5,656
Student Activities	81,605
Food Service Programs	<u>36,947</u>
	\$ <u>5,984,626</u>

**CEDAR CLIFF LOCAL SCHOOL DISTRICT**  
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Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2020

**NOTE 22 – NET POSITION/FUND BALANCES (Continued)**

**Fund Balance**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	General Fund	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Inventory	\$ 6,574	\$ -	\$ 5,782	\$ 12,356
Prepaid Items	46,525	321	7,782	54,628
Restricted for:				
Debt	-	4,617,728	-	4,617,728
Capital Improvements	-	-	843,963	843,963
Facilities Maintenance	-	-	428,077	428,077
Student Activities	-	-	81,530	81,530
Food Service Operations	-	-	30,512	30,512
Education Grants	-	-	5,656	5,656
Committed for:				
Severance Payments	74,916	-	-	74,916
Workers' Compensation Payments	72,978	-	-	72,978
Assigned for:				
Extracurricular Activities	17,888	-	-	17,888
Emergency Operating Levy	49,668	-	-	49,668
Subsequent Expenditures	30,298	-	-	30,298
Subsequent Appropriations	810,114	-	-	810,114
Unassigned	3,990,403	-	(21,204)	3,969,199
Total Fund Balances	<u>\$ 5,099,364</u>	<u>\$ 4,618,049</u>	<u>\$ 1,382,098</u>	<u>\$ 11,099,511</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Cedar Cliff Local School District**  
Required Supplementary Information  
Schedule of School District's Proportionate Share of the Net Pension Liability  
Last Seven Fiscal Years (1) (2)

	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
<b>School Employees Retirement System of Ohio:</b>					
2014	0.032169%	\$ 1,912,987	\$ 1,062,650	180.02%	65.52%
2015	0.032169%	1,628,055	947,279	171.87%	71.70%
2016	0.028849%	1,646,129	875,314	188.06%	69.16%
2017	0.030710%	2,247,699	953,743	235.67%	62.98%
2018	0.031197%	1,863,975	997,307	186.90%	69.50%
2019	0.033404%	1,913,089	1,081,474	176.90%	71.36%
2020	0.031629%	1,892,474	1,127,289	167.88%	70.85%
<b>State Teachers Retirement System of Ohio:</b>					
2014	0.026223%	\$ 7,597,905	\$ 2,626,986	289.23%	69.30%
2015	0.026223%	6,378,397	1,925,986	331.18%	74.70%
2016	0.025037%	6,919,594	2,708,900	255.44%	72.09%
2017	0.025014%	8,372,926	2,631,950	318.13%	66.78%
2018	0.024288%	5,769,609	2,670,143	216.08%	75.30%
2019	0.025227%	5,546,871	2,867,893	193.41%	77.30%
2020	0.026091%	5,769,838	3,063,171	188.36%	77.40%

(1) Information prior to 2014 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

**Cedar Cliff Local School District**  
Required Supplementary Information  
Schedule of School District Pension Contributions  
Last Ten Fiscal Years

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>School Employees Retirement System of Ohio:</b>					
2011	107,884	(107,884)	-	770,600	14.00%
2012	137,529	(137,529)	-	982,350	14.00%
2013	148,771	(148,771)	-	1,062,650	14.00%
2014	132,619	(132,619)	-	947,279	14.00%
2015	122,544	(122,544)	-	875,314	14.00%
2016	133,524	(133,524)	-	953,743	14.00%
2017	139,623	(139,623)	-	997,307	14.00%
2018	145,999	(145,999)	-	1,081,474	13.50%
2019	152,184	(152,184)	-	1,127,289	13.50%
2020	163,012	(163,012)	-	1,164,371	14.00%
<b>State Teachers Retirement System of Ohio:</b>					
2011	373,967	(373,967)	-	2,671,193	14.00%
2012	378,801	(378,801)	-	2,705,721	14.00%
2013	367,778	(367,778)	-	2,626,986	14.00%
2014	269,638	(269,638)	-	1,925,986	14.00%
2015	379,246	(379,246)	-	2,708,900	14.00%
2016	368,473	(368,473)	-	2,631,950	14.00%
2017	373,820	(373,820)	-	2,670,143	14.00%
2018	401,505	(401,505)	-	2,867,893	14.00%
2019	428,844	(428,844)	-	3,063,171	14.00%
2020	432,910	(432,910)	-	3,092,214	14.00%

See accompanying notes to the required supplementary information.

**Cedar Cliff Local School District**  
Required Supplementary Information  
Schedule of School District's Proportionate Share of the Net OPEB Liability (Asset)  
Last Four Fiscal Years (1) (2)

	School District's Proportion of the Net OPEB Liability or Asset	School District's Proportionate Share of the Net OPEB Liability or (Asset)	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/Asset
<b>School Employees Retirement System of Ohio:</b>					
2017	0.031016%	\$ 884,077	\$ 953,743	92.70%	11.49%
2018	0.031678%	850,143	997,307	85.24%	12.46%
2019	0.033907%	940,669	1,081,474	86.98%	13.57%
2020	0.032626%	820,474	1,127,289	72.78%	15.57%
<b>State Teachers Retirement System of Ohio:</b>					
2017	0.025014%	\$ 1,337,753	\$ 2,631,950	50.83%	37.30%
2018	0.024288%	947,619	2,670,143	35.49%	47.11%
2019	0.025227%	(405,374)	2,867,893	-14.13%	176.00%
2020	0.026091%	(432,128)	3,063,171	-14.11%	174.70%

(1) Information prior to 2017 is not available. The School District will continue to present information for years available until a full ten-year trend is compiled.

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

**Cedar Cliff Local School District**  
Required Supplementary Information  
Schedule of School District's OPEB Contributions  
Last Five Fiscal Years (1)

		Contractually Required Contributions (2)	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>School Employees Retirement System of Ohio:</b>						
2016	\$	15,243	\$ (15,243)	\$ -	\$ 953,743	1.60%
2017		17,355	(17,355)	-	997,307	1.74%
2018		23,809	(23,809)	-	1,081,474	2.20%
2019		26,541	(26,541)	-	1,127,289	2.35%
2020		22,588	(22,588)	-	1,164,371	1.94%
<b>State Teachers Retirement System of Ohio:</b>						
2016	\$	-	\$ -	\$ -	\$ 2,631,950	0.00%
2017		-	-	-	2,670,143	0.00%
2018		-	-	-	2,867,893	0.00%
2019		-	-	-	3,063,171	0.00%
2020		-	-	-	3,092,214	0.00%

(1) The School District elected not to present information prior to 2016. The School District will continue to present information for years available until a full ten-year trend is compiled.

(2) Includes Surcharge for School Employees Retirement System of Ohio.

**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2020

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**A. Pension Plans:**

**School Employees Retirement System of Ohio:**

*Change in assumptions.* In 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2015. Significant changes included a reduction of the discount rate from 7.75% to 7.50%, a reduction in the wage inflation rate from 3.25% to 3.00%, a reduction in the payroll growth assumption used from 4.00% to 3.50%, reduction in the assumed real wage growth rate from 0.75% to 0.50%, update of the rates of withdrawal, retirement and disability to reflect recent experience, and transition from the RP-2000 mortality tables to the RP-2014 mortality tables for active members and service retired members and beneficiaries.

*Change in benefit and funding terms.* In measurement year 2018, post-retirement increases in benefits included the following changes: 1) members, or their survivors, retiring prior to January 1, 2018, receive a COLA increase of 3.0% of their base benefit on the anniversary of their initial date of retirement; 2) members, or their survivors, retiring on and after January 1, 2018, receive a COLA increase on each anniversary of their initial date of retirement equal to the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0%, nor greater than 2.5%. COLAs are suspended for calendar years 2018, 2019 and 2020; 3) members, or their survivors, retiring on or after April 1, 2018, will have their COLA delayed for three years following their initial date of retirement.

**State Teachers Retirement System of Ohio:**

*Change in assumptions.* In 2018, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2016. Significant changes included a reduction of the discount rate from 7.75% to 7.45%, the inflation assumption was lowered from 2.75% to 2.50%, the payroll growth assumption was lowered to 3.00%, and 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. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

*Change in benefit and funding terms.* Effective July 1, 2017, the COLA was reduced to zero.

**B. Other Postemployment Benefit (OPEB) Plans:**

**School Employees Retirement System of Ohio:**

*Change in assumptions.* In measurement year 2017, changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended June 30, 2015. Significant changes included a reduction in the rate of inflation from 3.25% to 3.00%, a reduction in the payroll growth assumption from 4.00% to 3.50%, a reduction in assumed real wage growth from 0.75% to 0.50%, an update in rates of withdrawal, retirement and disability, and transitioning to the following mortality tables: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age setback for both active male and female members; RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB (120% of male rates, and 110% of female rates) for service retired members and beneficiaries; and 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 among disabled members.



**CEDAR CLIFF LOCAL SCHOOL DISTRICT  
GREENE COUNTY, OHIO**

Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2020

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**B. Other Postemployment Benefit (OPEB) Plans:**

In measurement year 2018, medical trend rates have been adjusted to reflect premium decreases.

*Change in benefit and funding terms.* In measurement year 2018, SERS' funding policy allowed a 2.0% health care contribution rate to be allocated to the Health Care Fund. The 2.0% is a combination of 0.5% employer contributions and 1.5% surcharge.

**State Teachers Retirement System of Ohio:**

*Change in assumption.* For fiscal year 2018, 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)*, and the long-term expected rate of return was reduced from 7.75% to 7.45%. Valuation year per capita health care costs were updated, and the salary scale was modified. 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. 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 measurement year 2018, 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. Valuation year per capital health care costs were updated.

*Change in benefit and funding terms.* For measurement year 2017, the subsidy multiplier for non-Medicare benefit recipients was reduced 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 measurement year 2018, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For measurement year 2019, there was no change to the claims costs process. Claims curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% year of service. The non-Medicare frozen subsidy base premium was increased 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.

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# OHIO AUDITOR OF STATE KEITH FABER

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

Cedar Cliff Local School District  
Greene County  
P.O. Box 45  
Cedarville, Ohio 45314

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cedar Cliff Local School District, Greene County, (the District) as of and for the fiscal years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 3, 2021, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* for the fiscal year ended June 30, 2020 and restated net position as of July 1, 2020 pertaining to a prior year capital asset purchase not capitalized. We also noted that the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

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

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

December 3, 2021

# OHIO AUDITOR OF STATE KEITH FABER



**CEDAR CLIFF LOCAL SCHOOL DISTRICT**

**GREENE 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 12/21/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)