



OHIO AUDITOR OF STATE  
**KEITH FABER**





**ROSS LOCAL SCHOOL DISTRICT  
BUTLER COUNTY  
JUNE 30, 2020**

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BUTLER COUNTY  
JUNE 30, 2020**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Ross Local School District  
Butler County  
3371 Hamilton Cleves Road  
Ross, Ohio 45013

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 Ross Local School District, Butler County, Ohio (the School District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School 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 School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School 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.

***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 School District, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School 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, required budgetary comparison schedule* 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.

*Supplementary and Other Information*

Our audit was conducted to opine on the School District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2021, on our consideration of the School 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 School District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio  
April 1, 2021

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**Ross Local School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

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

### **Financial Highlights**

Key financial highlights for 2020 are as follows:

- Net Position of governmental activities decreased \$5,516,724 which represents a 29% decrease from 2019.
- General revenues accounted for \$26,289,827 in revenue or 86% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,276,549 or 14% of total revenues of \$30,566,376.
- The District had \$36,083,100 in expenses related to governmental activities; \$4,276,549 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$26,289,827 were also used to provide for these programs.

### **Overview of the Financial Statements**

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

The *Statement of Net Position* and the *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The General Fund and Debt Service Fund are the major funds of the District.

### **Government-wide Financial Statements**

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The Government-wide Financial Statements answer this question. These statements include *all assets and deferred outflows of resources, and liabilities and deferred inflows of resources* using the accrual basis of accounting similar to the accounting used by most private-sector companies. 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 District's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial

**Ross Local School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

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and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the overall financial position of the District is presented as Governmental Activities. The District's programs and services include instruction, support services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

**Fund Financial Statements**

The analysis of the District's major funds are presented in the Fund Financial Statements. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

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

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

**The District as a Whole**

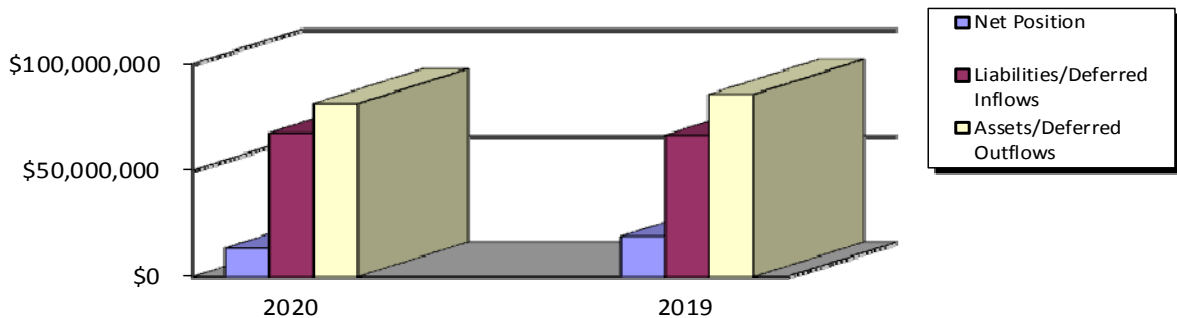
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2020 compared to 2019:

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**Ross Local School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

Table 1  
Net Position

	Governmental Activities	
	2020	2019
<b>Assets:</b>		
Current and Other Assets	\$23,252,329	\$25,072,160
Net OPEB Asset	1,763,004	1,645,680
Capital Assets	47,929,566	49,033,405
<b>Total Assets</b>	<b>72,944,899</b>	<b>75,751,245</b>
<b>Deferred Outflows of Resources:</b>		
Deferred Charge on Refunding	147,469	176,964
OPEB	1,008,534	816,266
Pension	7,161,802	9,014,813
<b>Total Deferred Outflows of Resources</b>	<b>8,317,805</b>	<b>10,008,043</b>
<b>Liabilities:</b>		
Other Liabilities	3,083,713	2,808,893
Long-Term Liabilities	47,978,448	47,792,801
<b>Total Liabilities</b>	<b>51,062,161</b>	<b>50,601,694</b>
<b>Deferred Inflows of Resources:</b>		
Property Taxes	11,895,705	11,152,877
Revenue in Lieu of Taxes	331,715	301,990
OPEB	2,980,885	2,830,926
Pension	1,344,432	1,707,271
<b>Total Deferred Inflows of Resources</b>	<b>16,552,737</b>	<b>15,993,064</b>
<b>Net Position:</b>		
Net Investment in Capital Assets	35,072,596	35,159,324
Restricted	3,634,229	4,799,780
Unrestricted	(25,059,019)	(20,794,574)
<b>Total Net Position</b>	<b>\$13,647,806</b>	<b>\$19,164,530</b>



Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2020, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of

**Ross Local School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

resources by \$13,647,806.

At year-end, capital assets represented 66% of total assets. Capital assets include land, land improvements, buildings and improvements, equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2020, was \$35,072,596. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$3,634,229 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Capital Assets decreased mainly due to current year depreciation expense exceeding current year additions. Long-Term Liabilities increased mainly due to an increase in Net Pension Liability.

Table 2 shows the changes in net position for fiscal years 2020 and 2019.

Table 2  
Changes in Net Position

	Governmental Activities	
	2020	2019
Revenues:		
Program Revenues		
Charges for Services	\$1,540,047	\$1,798,024
Operating Grants, Contributions	2,736,502	2,368,034
General Revenues:		
Income Taxes	3,992,682	3,215,014
Property Taxes	10,434,768	10,383,230
Grants and Entitlements	10,750,197	11,209,122
Other	1,112,180	899,644
Total Revenues	30,566,376	29,873,068
Program Expenses:		
Instruction	21,139,072	17,373,351
Support Services:		
Pupil and Instructional Staff	2,410,671	1,927,472
School Administrative, General Administration, and Fiscal Operations and Maintenance	3,731,423	2,968,555
Pupil Transportation	3,689,031	3,081,678
Central	2,382,024	1,841,026
Operation of Non-Instructional Services	38,812	10,494
Extracurricular Activities	1,176,461	1,101,866
Payments to Ohio Facilities Construction Commission	1,138,850	1,022,746
Interest and Fiscal Charges	0	1,691,953
	376,756	358,624
Total Program Expenses	36,083,100	31,377,765
Change in Net Position	(5,516,724)	(1,504,697)
Net Position - Beginning of Year	19,164,530	20,669,227
Net Position - End of Year	\$13,647,806	\$19,164,530

The District revenues are mainly from two sources. Property taxes levied for general, debt service, and capital project purposes and grants and entitlements comprised 69% of the District's revenues for governmental activities.

**Ross Local School District, Ohio**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

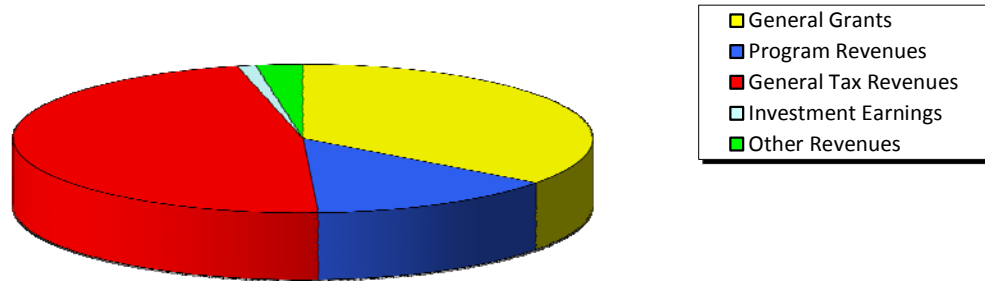
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The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely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

Thus, Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 34% of revenue for governmental activities for the District in fiscal year 2020.

The District’s reliance upon tax revenues is demonstrated in the following graph:

Revenue Sources	2020	Percent of Total
General Grants	\$10,750,197	35%
Program Revenues	4,276,549	14%
General Tax Revenues	14,427,450	47%
Investment Earnings	314,325	1%
Other Revenues	797,855	3%
<b>Total Revenue Sources</b>	<b>\$30,566,376</b>	<b>100%</b>



Total expenses increased mainly due to changes related to net pension liability and other post employment benefits liability.

Instruction comprises 59% of governmental program expenses. Support services expenses were 34% of governmental program expenses. All other expenses including interest expense were 7%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Ross Local School District, Ohio**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

**Table 3**  
**Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Instruction	\$21,139,072	\$17,373,351	(\$18,752,872)	(\$14,966,052)
Support Services:				
Pupil and Instructional Staff	2,410,671	1,927,472	(2,205,464)	(1,839,598)
School Administrative, General				
Administration and Fiscal	3,731,423	2,968,555	(3,712,172)	(2,955,219)
Operations and Maintenance	3,689,031	3,081,678	(3,546,564)	(3,016,139)
Pupil Transportation	2,382,024	1,841,026	(2,359,896)	(1,820,288)
Central	38,812	10,494	(38,812)	4,569
Operation of Non-Instructional Services	1,176,461	1,101,866	(53,432)	(103,346)
Extracurricular Activities	1,138,850	1,022,746	(760,583)	(465,057)
Payment to Ohio Facilities Construction Commission	0	1,691,953	0	(1,691,953)
Interest and Fiscal Charges	376,756	358,624	(376,756)	(358,624)
Total Expenses	<u>\$36,083,100</u>	<u>\$31,377,765</u>	<u>(\$31,806,551)</u>	<u>(\$27,211,707)</u>

**The District’s Funds**

The District has two major governmental funds: the General Fund and the Debt Service Fund. Assets of these funds comprised \$20,449,733 (88%) of the total \$23,298,174 governmental funds’ assets.

**General Fund:** Fund balance at June 30, 2020 was \$3,642,863, a decrease in fund balance of \$2,072,954 from 2019. The fund balance decreased due to expenditures exceeding revenues during the year.

**Debt Service Fund:** Fund balance at June 30, 2020 was \$1,332,471, an increase in fund balance of \$188,197 from 2019. The primary reason for the increase in fund balance was due to an increase in property tax revenues when compared to the prior year.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2020, the District amended its general fund budget. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the original budget basis revenue was \$23,266,142, compared to final budget estimates of \$27,082,003. The difference between the original budget basis and final budget was \$3,815,861.

The District’s ending unobligated cash balance was \$3,153,953.

**Ross Local School District, Ohio**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

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**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2020, the District had \$47,929,566 invested in land, land improvements, buildings and improvements, equipment, and vehicles. Table 4 shows fiscal year 2020 balances compared to fiscal year 2019:

**Table 4**  
**Capital Assets, Net of Depreciation**

	Governmental Activities	
	2020	2019
Land	\$1,262,525	\$1,262,525
Construction in Progress	0	865,435
Land Improvements	361,700	421,226
Building and Improvements	45,097,429	45,345,222
Equipment	452,148	539,276
Vehicles	755,764	599,721
Total Net Capital Assets	<u>\$47,929,566</u>	<u>\$49,033,405</u>

Capital Assets decreased mainly due to current year depreciation expense and disposals exceeding current year additions

See Note 8 to the basic financial statements for further details on the District’s capital assets.

***Debt***

At June 30, 2020, the District had \$13,004,439 in debt outstanding and \$1,195,000 due within one year. Table 5 summarizes outstanding debt at year end.

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**Ross Local School District, Ohio**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

Table 5  
Outstanding Debt

	Governmental Activities	
	2020	2019
<b>Governmental Activities:</b>		
General Obligation Bonds:		
2012 Refunding:		
Current Interest	\$4,555,000	\$5,235,000
Capital Appreciation Bonds - Principal	0	60,000
Capital Appreciation Bonds Accretion	0	182,095
2016 Refunding:		
Current Interest	7,905,000	8,080,000
Premiums	544,439	619,532
Total Bonds	13,004,439	14,176,627
Capital Leases	0	56,513
Long-Term Debt	\$13,004,439	\$14,233,140

See Note 9 to the basic financial statements for further details on the District’s outstanding debt.

**For the Future**

On June 30, 2015, Governor John Kasich signed House Bill 64, the state biennium budget bill for fiscal years 2015 and 2016. The budget bill limits the total increased funding that will be provided to public school districts. Coupled with the funding gain limits, House Bill 64 also introduced new spending mandates and increased deductions from public school districts to fund charter and non-public options. These funding limits, spending mandates and deduction increases all have to be taken into account in monitoring the operation of the District and future decisions on pursuing additional revenue or expenditure reductions. This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

All of the District’s financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District’s finances, the District’s management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

**Contacting the District’s Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer’s office at the Ross Local School District, 3771 Hamilton Cleves Road, Hamilton, Ohio 45013.



Ross Local School District, Ohio  
Statement of Net Position  
June 30, 2020

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$8,019,495
Restricted Cash and Investments	324,996
Receivables (Net):	
Taxes	14,228,357
Interest	16,991
Intergovernmental	619,196
Prepaid Items	25,335
Inventory	17,959
Net OPEB Asset	1,763,004
Nondepreciable Capital Assets	1,262,525
Depreciable Capital Assets, Net	<u>46,667,041</u>
 Total Assets	 <u>72,944,899</u>
Deferred Outflows of Resources:	
Deferred Charge on Refunding Pension	147,469
OPEB	7,161,802
	<u>1,008,534</u>
 Total Deferred Outflows of Resources	 <u>8,317,805</u>
Liabilities:	
Accounts Payable	95,902
Accrued Wages and Benefits	2,959,623
Accrued Interest Payable	28,188
Long-Term Liabilities:	
Due Within One Year	1,404,447
Due In More Than One Year	
Net Pension Liability	30,709,346
Net OPEB Liability	3,073,772
Other Amounts	<u>12,790,883</u>
 Total Liabilities	 <u>51,062,161</u>
Deferred Inflows of Resources:	
Property Taxes	11,895,705
Revenue In Lieu of Taxes	331,715
Pension	1,344,432
OPEB	<u>2,980,885</u>
 Total Deferred Inflows of Resources	 <u>16,552,737</u>
Net Position:	
Net Investment in Capital Assets	35,072,596
Restricted for:	
Debt Service	1,339,200
Capital Projects	1,263,579
Classroom facilities maintenance	396,998
Athletics	222,560
Scholarships	158,345
State Grants	79,679
Federal Grants	114,929
Other Purposes	58,939
Unrestricted	<u>(25,059,019)</u>
 Total Net Position	 <u><u>\$13,647,806</u></u>

See accompanying notes to the basic financial statements.

Ross Local School District, Ohio  
Statement of Activities  
For the Fiscal Year Ended June 30, 2020

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$16,741,635	\$538,735	\$120,317	(\$16,082,583)
Special	3,813,263	86,950	1,613,277	(2,113,036)
Vocational	0	0	6,795	6,795
Other	584,174	20,126	0	(564,048)
Support Services:				
Pupil	1,817,022	0	147,231	(1,669,791)
Instructional Staff	593,649	0	57,976	(535,673)
General Administration	45,932	0	0	(45,932)
School Administration	2,714,236	0	19,251	(2,694,985)
Fiscal	961,970	0	0	(961,970)
Business	9,285	0	0	(9,285)
Operations and Maintenance	3,689,031	25,552	116,915	(3,546,564)
Pupil Transportation	2,382,024	0	22,128	(2,359,896)
Central	38,812	0	0	(38,812)
Operation of Non-Instructional Services	1,176,461	490,417	632,612	(53,432)
Extracurricular Activities	1,138,850	378,267	0	(760,583)
Interest and Fiscal Charges	376,756	0	0	(376,756)
<b>Total Governmental Activities</b>	<b>\$36,083,100</b>	<b>\$1,540,047</b>	<b>\$2,736,502</b>	<b>(31,806,551)</b>

<b>General Revenues:</b>	
Income Taxes	3,992,682
Property Taxes Levied for:	
General Purposes	8,645,591
Debt Service Purposes	1,522,606
Capital Projects Purposes	266,571
Grants and Entitlements, Not Restricted	10,750,197
Revenue in Lieu of Taxes	331,715
Unrestricted Contributions	92,738
Investment Earnings	314,325
Other Revenues	373,402
<b>Total General Revenues</b>	<b>26,289,827</b>
Change in Net Position	(5,516,724)
Net Position - Beginning of Year	19,164,530
Net Position - End of Year	<b>\$13,647,806</b>

See accompanying notes to the basic financial statements.

Ross Local School District, Ohio  
Balance Sheet  
Governmental Funds  
June 30, 2020

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>				
Equity in Pooled Cash and Investments	\$4,510,659	\$1,276,393	\$2,232,443	\$8,019,495
Restricted Cash and Investments	324,996	0	0	324,996
<b>Receivables (Net):</b>				
Taxes	12,193,169	1,726,114	309,074	14,228,357
Interest	16,991	0	0	16,991
Intergovernmental	331,715	0	287,481	619,196
Interfund	45,845	0	0	45,845
Prepaid Items	23,851	0	1,484	25,335
Inventory	0	0	17,959	17,959
<b>Total Assets</b>	<b><u>17,447,226</u></b>	<b><u>3,002,507</u></b>	<b><u>2,848,441</u></b>	<b><u>23,298,174</u></b>
<b>Liabilities:</b>				
Accounts Payable	53,535	0	42,367	95,902
Accrued Wages and Benefits	2,773,760	0	185,863	2,959,623
Compensated Absences	5,716	0	0	5,716
Interfund Payable	0	0	45,845	45,845
<b>Total Liabilities</b>	<b><u>2,833,011</u></b>	<b><u>0</u></b>	<b><u>274,075</u></b>	<b><u>3,107,086</u></b>
<b>Deferred Inflows of Resources:</b>				
Property Taxes	10,224,511	1,670,036	299,199	12,193,746
Income Taxes	399,651	0	0	399,651
Grants and Other Taxes	331,715	0	91,097	422,812
Investment Earnings	15,475	0	0	15,475
<b>Total Deferred Inflows of Resources</b>	<b><u>10,971,352</u></b>	<b><u>1,670,036</u></b>	<b><u>390,296</u></b>	<b><u>13,031,684</u></b>
<b>Fund Balances:</b>				
Nonspendable	23,851	0	1,484	25,335
Restricted	0	1,332,471	2,253,757	3,586,228
Assigned	1,905,431	0	0	1,905,431
Unassigned	1,713,581	0	(71,171)	1,642,410
<b>Total Fund Balances</b>	<b><u>3,642,863</u></b>	<b><u>1,332,471</u></b>	<b><u>2,184,070</u></b>	<b><u>7,159,404</u></b>
<b>Total Liabilities, Deferred Inflows and Fund Balance</b>	<b><u>\$17,447,226</u></b>	<b><u>\$3,002,507</u></b>	<b><u>\$2,848,441</u></b>	<b><u>\$23,298,174</u></b>

See accompanying notes to the basic financial statements.

Ross Local School District, Ohio  
 Reconciliation of Total Governmental Fund Balance to  
 Net Position of Governmental Activities  
 June 30, 2020

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Total Governmental Fund Balance \$7,159,404

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, are not reported in the funds.

Capital assets used in the operation of Governmental Funds 47,929,566

Other long-term assets are not available to pay for current-  
 period expenditures and, therefore, are deferred in the funds.

Income Taxes	399,651	
Delinquent Property Taxes	298,041	
Interest	15,475	
Intergovernmental	91,097	
		804,264

In the statement of net position interest payable is accrued when  
 incurred; whereas, in the governmental funds interest is  
 reported as a liability only when it will require the use of  
 current financial resources. (28,188)

Some liabilities reported in the statement of net position do not  
 require the use of current financial resources and, therefore,  
 are not reported as liabilities in governmental funds.

Compensated Absences (1,185,175)

Deferred charge on refunding associated with long-term liabilities  
 that are not reported in the funds. 147,469

Deferred outflows and inflows or resources related to pensions and OPEB  
 are applicable to future periods and, therefore, are not  
 reported in the funds.

Deferred outflows of resources related to pensions	7,161,802	
Deferred inflows of resources related to pensions	(1,344,432)	
Deferred outflows of resources related to OPEB	1,008,534	
Deferred inflows of resources related to OPEB	(2,980,885)	
		3,845,019

Long-term liabilities and net OPEB assets are not available to pay for  
 current period expenditures and are not due and payable in the  
 current period and, therefore, are not reported in the funds.

Net OPEB Asset	1,763,004	
Net Pension Liability	(30,709,346)	
Net OPEB Liability	(3,073,772)	
Other Amounts	(13,004,439)	
		(45,024,553)

Net Position of Governmental Activities \$13,647,806

See accompanying notes to the basic financial statements.

Ross Local School District, Ohio  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2020

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property and Other Taxes	\$8,694,337	\$1,529,255	\$267,735	\$10,491,327
Income Taxes	3,656,600	0	168,209	3,824,809
Tuition and Fees	625,647	0	0	625,647
Investment Earnings	304,994	0	9,288	314,282
Intergovernmental	11,437,423	203,223	1,942,688	13,583,334
Extracurricular Activities	110,696	0	287,735	398,431
Charges for Services	0	0	505,995	505,995
Revenue in Lieu of Taxes	331,715	0	0	331,715
Other Revenues	280,912	0	103,559	384,471
<b>Total Revenues</b>	<b>25,442,324</b>	<b>1,732,478</b>	<b>3,285,209</b>	<b>30,460,011</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	13,884,665	0	168,448	14,053,113
Special	2,790,112	0	679,998	3,470,110
Other	582,335	0	0	582,335
<b>Support Services:</b>				
Pupil	1,575,705	0	147,231	1,722,936
Instructional Staff	496,927	0	42,900	539,827
General Administration	44,252	0	0	44,252
School Administration	2,362,179	14	4,489	2,366,682
Fiscal	882,827	22,904	4,008	909,739
Business	9,285	0	0	9,285
Operations and Maintenance	2,250,051	0	513,142	2,763,193
Pupil Transportation	1,664,099	0	76,786	1,740,885
Central	9,163	0	6,858	16,021
Operation of Non-Instructional Services	11,835	0	1,100,883	1,112,718
Extracurricular Activities	608,393	0	434,139	1,042,532
Capital Outlay	3,412	0	1,462,458	1,465,870
<b>Debt Service:</b>				
Principal Retirement	56,513	1,175,000	0	1,231,513
Interest and Fiscal Charges	0	346,363	0	346,363
<b>Total Expenditures</b>	<b>27,231,753</b>	<b>1,544,281</b>	<b>4,641,340</b>	<b>33,417,374</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,789,429)</b>	<b>188,197</b>	<b>(1,356,131)</b>	<b>(2,957,363)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	0	283,525	283,525
Transfers (Out)	(283,525)	0	0	(283,525)
<b>Total Other Financing Sources (Uses)</b>	<b>(283,525)</b>	<b>0</b>	<b>283,525</b>	<b>0</b>
<b>Net Change in Fund Balance</b>	<b>(2,072,954)</b>	<b>188,197</b>	<b>(1,072,606)</b>	<b>(2,957,363)</b>
<b>Fund Balance - Beginning of Year</b>	<b>5,715,817</b>	<b>1,144,274</b>	<b>3,256,676</b>	<b>10,116,767</b>
<b>Fund Balance - End of Year</b>	<b>\$3,642,863</b>	<b>\$1,332,471</b>	<b>\$2,184,070</b>	<b>\$7,159,404</b>

See accompanying notes to the basic financial statements.

Ross Local School District, Ohio  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2020

Net Change in Fund Balance - Total Governmental Funds (\$2,957,363)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.

Capital assets used in governmental activities	942,645	
Depreciation Expense	<u>(2,046,484)</u>	(1,103,839)

Governmental funds report district pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employer contributions are reported as pension and OPEB expense.

Pension Contributions	2,450,578	
Pension Expense	(5,308,923)	
OPEB Contributions	75,279	
OPEB Expense	<u>346,015</u>	(2,437,051)

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

Income Taxes	167,873	
Delinquent Property Taxes	(56,559)	
Interest	43	
Intergovernmental	<u>(4,992)</u>	106,365

Repayment of bond principal, current refundings and the deferred charges and premiums associated with the old bonds are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,231,513

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. 1,914

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences	(325,956)	
Amortization of Bond Premium	75,093	
Bond Accretion	(77,905)	
Amortization of Deferred Charge on Refunding	<u>(29,495)</u>	(358,263)

Change in Net Position of Governmental Activities (\$5,516,724)

See accompanying notes to the basic financial statements.

Ross Local School District, Ohio  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2020

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	Private Purpose Trust	Agency
Assets:		
Equity in Pooled Cash and Investments	<u>\$1,058</u>	<u>\$50,178</u>
Total Assets	<u>1,058</u>	<u>50,178</u>
Liabilities:		
Other Liabilities	<u>0</u>	<u>50,178</u>
Total Liabilities	<u>0</u>	<u>\$50,178</u>
Net Position:		
Held in Trust	<u>1,058</u>	
Total Net Position	<u>\$1,058</u>	

See accompanying notes to the basic financial statements.

Ross Local School District, Ohio  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2020

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	Private Purpose Trust
Additions:	
Donations	\$0
Total Additions	0
Deductions:	
Scholarships	0
Total Deductions	0
Change in Net Position	0
Net Position - Beginning of Year	1,058
Net Position - End of Year	<u>\$1,058</u>

See accompanying notes to the basic financial statements.



**Ross Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

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**Note 1 - Summary of Significant Accounting Policies**

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Description of the School District

The Ross Local School District (the "School District") is organized under Sections 2 and 3, Article VI, of the Constitution of the State of Ohio and Chapters 3311 and 3315 of the Ohio Revised Code. Under existing statutes, the Ross Local Board of Education, on behalf of the School District, has the authority to acquire, maintain and dispose of school property; develop and adopt school programs; and establish, organize and operate schools.

The financial statements of the Ross 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.

Reporting Entity

The financial reporting entity is composed of the School District (primary government). The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. Potential component units were reviewed for possible inclusion in the financial statements. Component units are legally separate organizations for which the School District would be financially accountable. The School District would be financially accountable for an organization if the School District appointed a voting majority of the organization's governing board and (1) the School District was able to significantly influence the programs or services performed or provided by the organization; or (2) the School District was legally entitled to or can otherwise access the organization's resources; the School District was legally obligated or had otherwise assumed the responsibility to finance the deficits of or provided financial support to, the organization; or the School District was 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. There were no component units included in the reporting entity.

The School District participates in two jointly governed organizations, one insurance purchasing pool, and a public entity risk pool. These organizations are:

Jointly Governed Organizations:

Southwest Ohio Computer Association  
Butler Technology and Career Development Schools

Insurance Purchasing Pool:

Cincinnati USA Regional Chamber Worker's Compensation GRP

Public Entity Risk Pool:

Butler Health Plan

These organizations are described in Notes 12, 16, and 17.

Basis of Presentation - Fund Accounting

*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 financial activities of the primary government except for fiduciary funds. The effect of interfund activity has been removed

**Ross Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

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from these statements. The statements distinguish between those types of activities of the School District that are governmental and those that are considered to be business-type activities. The School District has no business type activities.

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which the governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are, therefore, identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by a program and grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues which are 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 government function is self-financing or draws from the general revenues of the School District.

*Fund Financial Statements* – Fund financial statements report detailed information about the School District. The focus of governmental 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.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources are generally included on the balance sheet. Operating statements of these funds present sources (i.e. revenues and other financial sources) and uses (i.e. expenditures and other financing uses) of current financial resources.

The School District uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid in financial 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 funds of the School District are grouped into the categories governmental and fiduciary.

The following fund types are used by the School District:

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

The following are the School District's major governmental funds:

**Ross Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

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

Debt Service Fund - The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for payment.

***Fiduciary Funds*** - Fiduciary fund reporting focuses on net position and changes in net position. The School District's fiduciary funds consist of a private purpose trust fund and an agency fund. The private-purpose trust fund accounts for scholarship programs for students. These assets are not available for the School District's use. Agency funds, which are used to account for student activities, are custodial in nature (assets equals liabilities) and do not involve measurement of results of operations.

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**Note 2 - Basis of Accounting**

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Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made.

The modified accrual basis of accounting is used by the governmental funds. 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. The available period for the School District is sixty days after fiscal year-end. Under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, income taxes, interest, tuition, student fees and grants.

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. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Government-wide financial statements are prepared using the accrual basis of accounting. Also, fiduciary funds use accrual accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues – Exchange and Non-exchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property and income taxes, grants, entitlements, and donations. On an accrual basis, revenue from property and income taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements

**Ross Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

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include timing requirements, which specify the year when the resources are required to be used of the fiscal year in which use is first permitted, matching requirements, in which the School District must provide local resources to be used for specific 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.

Deferred Outflows/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, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources related to a deferred charge on refunding, OPEB, and pension are reported on the governmental-wide statement of net position. For more OPEB and pension related information, see Notes 13 and 14.

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 (revenue) until that time. For the School District, deferred inflows of resources include property taxes, revenue in lieu of taxes, OPEB, pension, grants and other taxes, income taxes, and investment earnings. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance year 2021 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Revenue in lieu of taxes (other taxes) has been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Grants, income taxes, and investment earnings have been recorded as deferred inflows on the governmental fund financial statements. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. For more OPEB and pension related information, see Notes 13 and 14.

Equity in Pooled Cash and Investments

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 "equity in pooled cash and investments" on the financial statements.

The Governmental Accounting Standards Board Statement No. 31 (GASB 31), "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," requires that investments, with certain exceptions, be recorded at their fair value and that changes in the fair value are reported in the operations statements. The School District recorded investments held at June 30, 2020 at fair value.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings.

Restricted Assets

Restricted assets in the general fund represent equity in pooled cash and investments set aside for the budget stabilization and retainage owed to contractors.

**Ross Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

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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. A current asset for the prepaid amount is recorded at the time of the purchase and expenditure/expense is reported in the year in which the services are consumed.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements but are not reported in the governmental fund financial statements. The School District defines capital assets as those with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. All capital assets are reported at cost or estimated historical cost. Donated capital assets are stated at their estimated acquisition value when received. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements. Capital assets are reported as expenditures of the current period in the governmental fund financial statements.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	30-50 years
Land Improvements	10-20 years
Furniture and Equipment	5-20 years
Vehicles	10 years

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 entire compensated absences liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that has matured, for example, as a result of employee resignations and retirements.

**Ross Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

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Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources with the exception of compensated absences as noted above. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Pensions/Other Postemployment Benefits (OPEB)

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

Net Position

Net position represents the difference between assets and liabilities. 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 improvements of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws and 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. Of the School District's \$3,634,229 in restricted net position, none were restricted for enabling legislation.

Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds.

On fund financials, receivables and payables resulting from short-term interfund loans are classified as "interfund receivable/payable." These amounts are eliminated in the governmental activities column of the statement of net position.

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

**Ross Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

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Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that can be used only for the specific purposes imposed by a formal action (board resolution) of the School District’s Board of Education. The Board of Education is the highest level of decision making authority for the School District. Those committed resources cannot be used for any other purpose unless the School District’s Board of Education removes or changes the specified use by taking the same type of action (board resolution) it employed to previously commit those resources.

Assigned – resources 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 the general fund, assigned amounts are intended to be used for specific purposes as approved through the School District’s formal purchase order procedure by the Superintendent and the Treasurer. The adoption of the board appropriation resolution is the established policy, which gives the authorization to assign resources for a specific purpose.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

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.

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 could differ from those estimates.

**Note 3 – Deficit Fund Balances**

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At June 30, 2020, the following funds had a deficit fund balance:

<u>Fund</u>	<u>Deficit</u>
Other Governmental Funds:	
Title I	\$20,342
Food Service	50,014

These deficit balances were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Note 4 - Equity in Pooled Cash and Investments**

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State statute requires the classification of monies held by the School District into three categories:

Active Deposits - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the School District. Such monies must by law be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive Deposits - Those monies not required for use within the current two-year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories or as savings or deposit accounts, including, but not limited to, passbook accounts.

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

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

Interim monies held by the 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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met.



**Ross Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

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5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and amended by GASB Statement No. 40 "Deposit and Investment Risk Disclosures":

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2020, \$2,868,526 of the School District's bank balance of \$3,118,526 was exposed to custodial credit risk because it was uninsured and collateralized.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. 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% 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 pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

**Investments**

The School District's investments at June 30, 2020 are as summarized as follows:

**Ross Local School District, Ohio**  
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<u>Investment Type</u>	<u>Value</u>	<u>Fair Value Hierarchy</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Treasury Notes	\$277,836	Level 2	1.08
Federal Home Loan Bank	776,042	Level 2	1.43
Federal Farm Credit Bank	299,491	Level 2	1.88
Federal Home Loan Mortgage	405,007	Level 2	2.57
Negotiable CDs	3,590,885	Level 2	1.78
U.S. Treasury Bills	269,594	Level 1	0.89
U.S. Money Market Funds	5,706	N/A	0.00
Total Investments	<u>\$5,624,561</u>		
Portfolio Weighted Average Maturity			1.72

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District’s recurring fair value measurements as of June 30, 2020.

**Credit Risk** – It is the School District’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings by nationally recognized statistical rating organizations. The School District’s investments in Federal Home Loan Bank, Federal Home Loan Mortgage, and Federal Farm Credit Bank were rated AAA by Standard & Poor’s and Aaa by Moody’s Investors Service. The School District’s investments in Negotiable CDs, U.S. Treasury Bills, U.S. Treasury Notes, and U.S. Money Market Funds were not rated.

**Custodial Credit Risk** – Custodial credit risk is the risk that in the event of a failure of a counter party, 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. The School District’s investment securities are registered in the name of the School District.

**Interest Rate Risk** – In accordance with the investment policy, the School District manages its exposure to declines in fair value by limiting the weighted average maturity of its investment portfolio to five years.

**Concentration of Credit Risk** – The School District’s investment policy does not place any limit on investments in any single issuer. The School District’s investments are in the following:

<u>Investments</u>	<u>Percent</u>
U.S. Treasury Notes	5%
Federal Home Loan Bank	14%
Federal Home Loan Mortgage	7%
Federal Farm Credit Bank	5%
Negotiable CDs	64%
U.S. Treasury Bills	5%
U.S. Money Market Funds	1%

**Ross Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

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**Note 5 – Property Taxes**

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Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in the subsequent fiscal year and are intended to finance the operations of that year, except monies available to be advanced against such distributions which may be appropriated and used in the current fiscal year. Property taxes include amounts levied against real and public utility property located within the School District.

Real property taxes and public utility taxes are levied after April against the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35 percent of appraised value.

The School District receives property taxes from the Butler County Auditor, who periodically advances to the School District its portion of taxes collected. Second-half real property tax payments collected by the County by June 30, 2020 are available to finance fiscal year 2021 operations.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes that became measurable as of June 30, 2020. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations.

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

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$386,082,280
Public Utility/Personal Property	<u>39,661,630</u>
Total Assessed Value	<u><u>\$425,743,910</u></u>

**Note 6 – Interfund Transactions**

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Interfund transactions at June 30, 2020 consisted of the following interfund receivables and payables, and transfers in and out:

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General	\$45,845	\$0	\$0	\$283,525
Other Governmental Funds	<u>0</u>	<u>45,845</u>	<u>283,525</u>	<u>0</u>
Total	<u><u>\$45,845</u></u>	<u><u>\$45,845</u></u>	<u><u>\$283,525</u></u>	<u><u>\$283,525</u></u>

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

**Ross Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
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**Note 7 – Income Tax**

The School District levies a voted tax of .75 percent for general operations on the income of residents and estates. The voted levy is for a continuous term. 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 is credited to the General Fund and the Classroom Facilities Maintenance Fund. The State requires the School District to set aside a certain amount of money for maintaining classrooms. This is being funded with income tax as allowed by law.

**Note 8 – Capital Assets**

A summary of the changes in capital assets for governmental activities during the fiscal year is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<b>Capital Assets, not being depreciated:</b>				
Land	\$1,262,525	\$0	\$0	\$1,262,525
Construction in Progress	865,435	453,588	1,319,023	0
<b>Capital Assets, being depreciated:</b>				
Land Improvements	2,288,606	0	0	2,288,606
Buildings and Improvements	79,331,202	1,488,662	0	80,819,864
Equipment	900,265	0	0	900,265
Vehicles	2,351,622	319,418	0	2,671,040
Totals at Historical Cost	<u>86,999,655</u>	<u>2,261,668</u>	<u>1,319,023</u>	<u>87,942,300</u>
<b>Less Accumulated Depreciation:</b>				
Land Improvements	1,867,380	59,526	0	1,926,906
Buildings and Improvements	33,985,980	1,736,455	0	35,722,435
Equipment	360,989	87,128	0	448,117
Vehicles	1,751,901	163,375	0	1,915,276
Total Accumulated Depreciation	<u>37,966,250</u>	<u>2,046,484</u>	<u>0</u>	<u>40,012,734</u>
Governmental Activities Capital Assets, Net	<u>\$49,033,405</u>	<u>\$215,184</u>	<u>\$1,319,023</u>	<u>\$47,929,566</u>

Depreciation expenses were charged to governmental functions as follows:

Instruction:	
Regular	\$1,137,745
Support Services:	
School Administration	24,751
Operations and Maintenance	742,431
Pupil Transportation	121,806
Operation of Non-Instructional Services	6,331
Extracurricular Activities	13,420
Total Depreciation Expense	<u>\$2,046,484</u>

**Ross Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
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**Note 9 – Long-Term Obligations**

The changes in the School District’s long-term obligations during fiscal year 2020 were as follows:

	Interest Rate	Beginning Balance	Issued	Retired	Ending Balance	Due In One Year
<b>Governmental Activities:</b>						
General Obligation Bonds:						
2012 Refunding:						
Current Interest	2.0-3.0%	5,235,000	0	(680,000)	4,555,000	1,075,000
Capital Appreciation Bonds - Principal		60,000	0	(60,000)	0	0
Capital Appreciation Bonds Accretion Premium		182,095	77,905	(260,000)	0	0
		197,091	0	(32,849)	164,242	0
2016 Refunding:						
Current Interest	1.0-3.0%	8,080,000	0	(175,000)	7,905,000	120,000
Premium		422,441	0	(42,244)	380,197	0
Total Bonds		14,176,627	77,905	(1,250,093)	13,004,439	1,195,000
Capital Leases		56,513	0	(56,513)	0	0
Compensated Absences		883,055	502,998	(195,162)	1,190,891	209,447
Subtotal Bonds and Other Amounts		15,116,195	580,903	(1,501,768)	14,195,330	1,404,447
Net Pension Liability:						
STRS		22,518,429	1,021,499	0	23,539,928	0
SERS		6,822,744	346,674	0	7,169,418	0
Subtotal Net Pension Liability		29,341,173	1,368,173	0	30,709,346	0
Net OPEB Liability:						
STRS		0	0	0	0 (a)	0
SERS		3,335,433	0	(261,661)	3,073,772	0
Subtotal Net OPEB Liability		3,335,433	0	(261,661)	3,073,772	0
Total Long-Term Obligations		\$47,792,801	\$1,949,076	(\$1,763,429)	\$47,978,448	\$1,404,447

(a) OPEB for STRS has a Net OPEB asset in the amount of \$1,763,004 as of June 30, 2020.

The School District issued \$24,900,000 in School Improvement Bonds in fiscal year 2003 that was originally scheduled to mature in fiscal year 2025, for the construction of a high school and improvements to the School District’s elementary schools. The original issue included current interest serial bonds and capital appreciation bonds. The School District advanced refunded \$16,105,000 of this issuance in fiscal years 2007 and 2012. The remaining current interest serial bonds fully matured in 2017. The refunded bonds were not included in the School District’s outstanding debt since the School District has satisfied its obligations through the advance refunding.

The School District issued \$6,690,000 in Series 2012 Refunding Bonds that mature in December 2024, for the partial advance refunding of \$6,690,000 in Series 2003 School Improvement Bonds. These bonds include serial bonds that will mature in December 2024 and capital appreciation bonds that matured in December 2019. The maturity amount of the capital appreciation bonds is \$320,000.

On August 23, 2016 the School District issued \$8,715,000 in General Obligation Bonds with an interest rate between 1.00% and 3.00% which was used to current refund \$8,975,000 of the outstanding 2006 Refunding Bonds with an interest rate between 4.00% and 4.375%. The net proceeds of \$9,264,173 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent on September 13, 2016 and the securities matured and were paid off on December 1, 2016, within 90 days of purchase. The remainder of the current interest bonds will mature in December 2028.

**Ross Local School District, Ohio**  
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All general obligation debt is supported by the full faith and credit of the School District. The School Improvement and Refunding Bonds are paid from the Debt Service Fund. Compensated absences and the STRS early retirement incentive are generally paid by the General Fund and Special Revenue funds. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

Principal and interest requirements to retire the School District’s long-term general obligation bonds outstanding at June 30, 2020 are shown in the table below.

Fiscal Year Ending June 30	Current Interest Bonds		
	Principal	Interest	Total
2021	\$1,195,000	\$323,913	\$1,518,913
2022	1,260,000	293,776	1,553,776
2023	1,300,000	258,576	1,558,576
2024	1,355,000	222,238	1,577,238
2025	1,445,000	183,625	1,628,625
2026-2029	5,905,000	324,475	6,229,475
Total	<u>\$12,460,000</u>	<u>\$1,606,603</u>	<u>\$14,066,603</u>

**Note 10 – Capital – Lessee Disclosure**

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The School District entered into a lease with Apple, Inc. for computers, electronic devices, servers, and networking equipment. For fiscal year 2020, the school paid \$56,513 in principal payments and the lease was paid off.

**Note 11 – Other Employee Benefits**

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Accumulated Unpaid Vacation

School District classified employees earn vacation leave at varying rates based upon negotiated agreements and State laws. In the case of death or retirement, an employee (or his estate) is paid for his unused vacation leave.

Accumulated Unpaid Sick Leave

School District employees may accumulate sick leave. Upon retirement, payment is made for 26.5% of the total unused sick leave balance up to a maximum of fifty days for certified and classified employees.

**Note 12 – Cincinnati USA Regional Chamber Worker’s Comp Program**

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The School District participates in the Group Retrospective Program of the Cincinnati USA Regional Chamber, an insurance purchasing pool. Each year, the participating school districts pay an enrollment fee to cover the costs of administering the program.

**Note 13 - Defined Benefit Pension Plans**

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

**Net Pension Liability/Net OPEB Liability (Asset)**

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

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

**Plan Description**

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:

**Ross Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
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	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 Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

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

**Funding Policy**

Plan members are required to contribute 10 percent of their annual covered salary and the employer is required to contribute 14 percent 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 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2020, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The contractually required contribution to SERS was \$582,886 for fiscal year 2020. Of this amount \$110,579 is reported as accrued wages and benefits.

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

**Plan Description**

Licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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.



**Ross Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

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The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Effective Aug. 1, 2017 through July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective Aug. 1, 2019–July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit 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.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent 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 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

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

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

**Ross Local School District, Ohio**  
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**Funding Policy**

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2020, the full employer contribution was allocated to pension.

The contractually required contribution to STRS was \$1,867,692 for fiscal year 2020. Of this amount \$336,268 is reported as accrued wages and benefits.

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$7,169,418	\$23,539,928	\$30,709,346
Proportion of the Net Pension Liability:			
Current Measurement Date	0.11982630%	0.10644616%	
Prior Measurement Date	<u>0.11912910%</u>	<u>0.10241350%</u>	
Change in Proportionate Share	0.00069720%	0.00403266%	
Pension Expense	\$1,382,123	\$3,926,800	\$5,308,923

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$181,801	\$191,654	\$373,455
Changes of assumptions	0	2,765,219	2,765,219
Changes in employer proportionate share of net pension liability	154,848	1,417,702	1,572,550
Contributions subsequent to the measurement date	<u>582,886</u>	<u>1,867,692</u>	<u>2,450,578</u>
Total Deferred Outflows of Resources	<u>\$919,535</u>	<u>\$6,242,267</u>	<u>\$7,161,802</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$101,900	\$101,900
Net difference between projected and actual earnings on pension plan investments	<u>92,028</u>	<u>1,150,504</u>	<u>1,242,532</u>
Total Deferred Inflows of Resources	<u>\$92,028</u>	<u>\$1,252,404</u>	<u>\$1,344,432</u>

\$2,450,578 reported as deferred outflows of resources related to pension resulting from 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:

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Fiscal Year Ending June 30:	SERS	STRS	Total
2021	\$349,864	\$1,993,388	\$2,343,252
2022	(151,311)	673,954	522,643
2023	(6,124)	161,573	155,449
2024	52,192	293,256	345,448
Total	<u>\$244,621</u>	<u>\$3,122,171</u>	<u>\$3,366,792</u>

**Actuarial Assumptions - SERS**

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

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

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

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:

Inflation	3.00%
Future Salary Increases, including inflation	3.50% - 18.20%
COLA or Ad Hoc COLA	2.50%
Investment Rate of Return	7.50% net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement. The most recent experience study was completed for the five year period ended June 30, 2015.

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The long-term return expectation for the Pension Plan Investments has been determined by 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 an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
US Equity	22.50%	4.75%
International Equity	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	100.00%	

**Discount Rate**

The total pension liability was calculated using the discount rate of 7.50 percent. 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 (7.50 percent). 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 Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$10,046,917	\$7,169,418	\$4,756,274

**Actuarial Assumptions - STRS**

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

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Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0%

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

Actuarial assumptions used in the July 1, 2019, valuation are based on the results of an actuarial 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:

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

\* 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 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with 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 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

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**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following table presents the proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the 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 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Proportionate share of the net pension liability	\$34,400,983	\$23,539,928	\$14,345,490

**Note 14 - Defined Benefit OPEB Plans**

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

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

**Health Care Plan Description**

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

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

**Funding Policy**

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, no allocation was made 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, this amount was \$19,600. Statutes provide that no employer shall pay a

**Ross Local School District, Ohio**  
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health care surcharge greater than 2 percent of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the employer’s surcharge obligation was \$75,279.

The surcharge, added to any allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The contractually required contribution to SERS was \$75,279 for fiscal year 2020. Of this amount \$75,279 is reported as accrued wages and benefits.

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

**Plan Description**

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

**Funding Policy**

Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients 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 percent of covered payroll. For fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

**Net OPEB Liabilities (Assets), OPEB Expense (Income), 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 employer’s proportion of the net OPEB liability (asset) was based on the employer’s share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$3,073,772	\$0	\$3,073,772
Proportionate Share of the Net OPEB (Asset)	0	(1,763,004)	(1,763,004)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.12222780%	0.10644616%	
Prior Measurement Date	<u>0.12022740%</u>	<u>0.10241350%</u>	
Change in Proportionate Share	0.00200040%	0.00403266%	
OPEB Expense	\$155,492	(\$501,507)	(\$346,015)

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

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	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$45,120	\$159,830	\$204,950
Changes of assumptions	224,504	37,058	261,562
Net difference between projected and actual earnings on OPEB plan investments	7,378	0	7,378
Changes in employer proportionate share of net OPEB liability	262,209	197,156	459,365
Contributions subsequent to the measurement date	75,279	0	75,279
<b>Total Deferred Outflows of Resources</b>	<b>\$614,490</b>	<b>\$394,044</b>	<b>\$1,008,534</b>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$675,287	\$89,696	\$764,983
Changes of assumptions	172,245	1,932,929	2,105,174
Net difference between projected and actual earnings on OPEB plan investments	0	110,728	110,728
<b>Total Deferred Inflows of Resources</b>	<b>\$847,532</b>	<b>\$2,133,353</b>	<b>\$2,980,885</b>

\$75,279 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2021	(\$114,464)	(\$382,589)	(\$497,053)
2022	(34,991)	(382,589)	(417,580)
2023	(32,826)	(338,209)	(371,035)
2024	(33,178)	(322,642)	(355,820)
2025	(57,796)	(322,221)	(380,017)
Thereafter	(35,066)	8,941	(26,125)
<b>Total</b>	<b>(\$308,321)</b>	<b>(\$1,739,309)</b>	<b>(\$2,047,630)</b>

**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.



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

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

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

Inflation	3.00%
Future Salary Increases, including inflation	3.50% to 18.20%
Investment Rate of Return	7.50% net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.13%
Prior Measurement Date	3.62%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	3.22%
Prior Measurement Date	3.70%
Medical Trend Assumption:	
Medicare	5.25% to 4.75%
Pre-Medicare	7.00% to 4.75%

Mortality rates among active members were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years. The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, 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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
US Equity	22.50%	4.75%
International Equity	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	100.00%	

**Discount Rate**

The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019, was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, 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.

**Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates**

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
Proportionate share of the net OPEB liability	\$3,730,976	\$3,073,772	\$2,551,218
	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%)
Proportionate share of the net OPEB liability	\$2,462,714	\$3,073,772	\$2,884,498

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**Assumption and Benefit Changes since the Prior Measurement Date**

Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:	
Prior Measurement Date	3.70%
Measurement Date	3.22%
(2) Municipal Bond Index Rate:	
Prior Measurement Date	3.62%
Measurement Date	3.13%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	3.70%
Measurement Date	3.22%

**Actuarial Assumptions - STRS**

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

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Payroll Increases	3.00%
Discount Rate of Return	7.45%
Health Care Cost Trends:	
Medical	
Pre-Medicare	5.87% initial, 4% ultimate
Medicare	4.93% initial, 4% ultimate
Prescription Drug	
Pre-Medicare	7.73% initial, 4% ultimate
Medicare	9.62% initial, 4% ultimate

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

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

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.

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:

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

\* 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 OPEB liability was 7.45 percent as of June 30, 2019 and June 30, 2018. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2019 and June 30, 2018.

**Sensitivity of the Proportionate Share of the Net OPEB (Asset) to Changes in the Discount and Health Care Cost Trend Rate**

The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Proportionate share of the net OPEB (asset)	(\$1,504,373)	(\$1,763,004)	(\$1,980,452)

	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$1,999,165)	(\$1,763,004)	(\$1,473,763)

**Assumption and Benefit Changes since the Prior Measurement Date**

There was no change to the claims costs process. 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 percent to 1.984 percent per year of service. The non-Medicare

**Ross Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

There were changes in assumptions, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

**Note 15 – Fund Balances**

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:

Fund Balances	General	Debt Service	Other Governmental Funds	Total
<b>Nonspendable:</b>				
Prepays	\$23,851	\$0	\$1,484	\$25,335
<b>Total Nonspendable</b>	23,851	0	1,484	25,335
<b>Restricted for:</b>				
Miscellaneous State Grants	0	0	2,154	2,154
IDEA Preschool	0	0	34,843	34,843
Other Local Grants	0	0	58,939	58,939
Classroom Facilities Maintenance	0	0	396,998	396,998
Auxiliary Services	0	0	66,633	66,633
Athletics	0	0	222,560	222,560
IDEA Part B	0	0	39,796	39,796
Improving Teacher Quality	0	0	4,177	4,177
Data Communication	0	0	10,800	10,800
Special Revenue	0	0	158,345	158,345
Title III LEP	0	0	1,043	1,043
Debt Service	0	1,332,471	0	1,332,471
Permanent Improvement	0	0	518,659	518,659
Capital Improvements	0	0	738,810	738,810
<b>Total Restricted</b>	0	1,332,471	2,253,757	3,586,228
<b>Assigned to:</b>				
Budgetary Resource	470,656	0	0	470,656
Public School Support	39,653	0	0	39,653
Encumbrances	1,395,122	0	0	1,395,122
<b>Total Assigned</b>	1,905,431	0	0	1,905,431
<b>Unassigned (Deficit)</b>	1,713,581	0	(71,171)	1,642,410
<b>Total Fund Balance</b>	\$3,642,863	\$1,332,471	\$2,184,070	\$7,159,404

**Ross Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

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**Note 16 – Jointly Governed Organizations**

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Southwest Ohio Computer Association

The Southwest Ohio Computer Association (SWOCA) is a jointly governed organization among a three county consortium of Ohio school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions of the member school districts. Each member school district appoints a representative to the Board of Directors which is the legislative and managerial body of SWOCA. The degree of control exercised by any participating member school district is limited to its representation on the Board.

Butler Technology and Career Development Schools

The Butler Technology and Career Development Schools (BTCDS), a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school districts' elected board. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established by the Ohio Revised Code. BTCDS was formed for the purpose of providing vocational education opportunities to the students of the member school districts which includes the students of the School District.

The School District has no ongoing financial interest in or responsibility for BTCDS. To obtain financial information, write to BTCDS, at 3603 Hamilton-Middletown, Hamilton, Ohio 45011.

**Note 17 – Risk Management**

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The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During the fiscal year, the School District contracted with commercial insurance carriers for property and general liability insurance and boiler and machinery insurance.

The School District has elected to provide employee medical and dental benefits through Butler Health Plan (BHP), a public entity risk pool currently operating as a common risk management and insurance program. BHP is comprised of sixteen other school districts in Butler and Hamilton Counties. CareSource provides claims review and processing services for BHP. The School District pays a monthly premium to the pool for its general insurance coverage. The employees share the cost of the monthly premium for the coverage with the Board. The risk of loss transfers entirely to BHP.

There were no significant reductions in insurance coverage from the prior year. Also, there were no settlements that exceeded insurance coverage for the past three fiscal years.

**Note 18 – Contingencies**

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School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2020 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2020 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

**Ross Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

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Litigation

The School District's attorney estimates that all potential claims against the School District not covered by insurance resulting from litigation would not materially affect the financial statements of the School District.

Federal and State Funding

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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2020, if applicable, cannot be determined at this time.

**Note 19 – Statutory Reserves**

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

The following cash basis information describes the change in the year-end set aside amounts for capital acquisition and budget stabilization. Disclosure of this information is required by State statute.

	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set Aside Reserve Balance as of June 30, 2019	\$0	\$324,996
Current Year Set Aside Requirements	491,485	0
Current Year Qualifying Expenditures	(264,636)	0
Current Year Offsets	<u>(226,849)</u>	<u>0</u>
Set Aside Reserve Balance as of June 30, 2019	0	324,996
Restricted Cash as of June 30, 2020	<u>\$0</u>	<u>\$324,996</u>
Carried Forward as of June 30, 2020	<u>\$15,207,828</u>	

The Ohio General Assembly eliminated the requirement for the budget stabilization set-aside and effective April 10, 2001, the Board of Education could choose to eliminate the set-aside with the exception of rebates received from the Bureau of Workers Compensation. The budget stabilization set-aside is no longer required. However, the School District has opted to leave this reserve intact.

**Note 20 – Significant Contractual Commitments**

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The School District utilizes encumbrance accounting to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. The School District's outstanding encumbrance amounts at June 30, 2020 were:

General Fund	\$1,427,347
Other Governmental Funds	159,235

**Ross Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2020**

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**Note 21 - Implementation of New Accounting Principles**

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For fiscal year 2020, the District has postponed implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, GASB No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, and GASB No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61. The District did not implement these statements due to the GASB postponing the implementation by 12 months because of the COVID-19 pandemic.

**Note 22 – COVID-19**

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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 ensuing emergency measures could impact subsequent periods of the District. The District's investment portfolio could incur a significant decline in fair value. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, the impact of the investments of the pension and other employee benefit plan in which the District participates and any recovery from emergency funding, either federal or state, cannot be estimated.



# **REQUIRED SUPPLEMENTARY INFORMATION**

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Ross Local School District, Ohio  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 School Employees Retirement System of Ohio  
 Last Seven Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total Pension Liability
2020	0.11982630%	\$7,169,418	\$4,110,719	174.41%	70.85%
2019	0.11912910%	6,822,744	3,896,785	175.09%	71.36%
2018	0.10867370%	6,493,014	3,580,629	181.34%	69.50%
2017	0.10761960%	7,876,762	3,687,600	213.60%	62.98%
2016	0.10605450%	6,051,573	4,136,449	146.30%	69.16%
2015	0.10914600%	5,523,817	3,203,608	172.42%	71.70%
2014	0.10914600%	6,492,508	3,842,428	168.97%	65.52%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Ross Local School District, Ohio  
 Required Supplementary Information  
 Schedule of District's Contributions for Net Pension Liability  
 School Employees Retirement System of Ohio  
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2020	\$582,886	(\$582,886)	\$0	\$4,163,471	14.00%
2019	554,947	(554,947)	0	4,110,719	13.50%
2018	526,066	(526,066)	0	3,896,785	13.50%
2017	501,288	(501,288)	0	3,580,629	14.00%
2016	516,264	(516,264)	0	3,687,600	14.00%
2015	545,184	(545,184)	0	4,136,449	13.18%
2014	444,020	(444,020)	0	3,203,608	13.86%
2013	531,792	(531,792)	0	3,842,428	13.84%
2012	483,912	(483,912)	0	3,597,859	13.45%
2011	531,744	(531,744)	0	4,230,263	12.57%

See accompanying notes to the required supplementary information.

Ross Local School District, Ohio  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 State Teachers Retirement System of Ohio  
 Last Seven Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total Pension Liability
2020	0.10644616%	\$23,539,928	\$12,566,571	187.32%	77.40%
2019	0.10241350%	22,518,429	11,613,429	193.90%	77.30%
2018	0.09779546%	23,231,521	10,683,257	217.46%	75.30%
2017	0.09659177%	32,332,177	10,214,657	316.53%	66.80%
2016	0.09402434%	25,985,577	9,786,343	265.53%	72.10%
2015	0.09263936%	22,533,098	10,193,277	221.06%	74.70%
2014	0.09263936%	26,768,995	10,774,062	248.46%	69.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Ross Local School District, Ohio  
 Required Supplementary Information  
 Schedule of District's Contributions for Net Pension Liability  
 State Teachers Retirement System of Ohio  
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2020	\$1,867,692	(\$1,867,692)	\$0	\$13,340,657	14.00%
2019	1,759,320	(1,759,320)	0	12,566,571	14.00%
2018	1,625,880	(1,625,880)	0	11,613,429	14.00%
2017	1,495,656	(1,495,656)	0	10,683,257	14.00%
2016	1,430,052	(1,430,052)	0	10,214,657	14.00%
2015	1,370,088	(1,370,088)	0	9,786,343	14.00%
2014	1,325,126	(1,325,126)	0	10,193,277	13.00%
2013	1,400,628	(1,400,628)	0	10,774,062	13.00%
2012	1,547,952	(1,547,952)	0	11,907,323	13.00%
2011	1,598,184	(1,598,184)	0	12,293,723	13.00%

See accompanying notes to the required supplementary information.

Ross Local School District, Ohio  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net OPEB Liability  
 School Employees Retirement System of Ohio  
 Last Four Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total OPEB Liability
2020	0.12222780%	\$3,073,772	\$4,110,719	74.77%	15.57%
2019	0.12022740%	3,335,433	3,896,785	85.59%	13.57%
2018	0.11008590%	2,954,416	3,580,629	82.51%	12.46%
2017	0.10900245%	3,106,973	3,687,600	84.25%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Ross Local School District, Ohio  
 Required Supplementary Information  
 Schedule of District's Contributions for Net OPEB Liability  
 School Employees Retirement System of Ohio  
 Last Five Fiscal Years (1) (2)

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2020	\$75,279	(\$75,279)	\$0	\$4,163,471	1.81%
2019	92,484	(92,484)	0	4,110,719	2.25%
2018	81,642	(81,642)	0	3,896,785	2.10%
2017	59,108	(59,108)	0	3,580,629	1.65%
2016	54,908	(54,908)	0	3,687,600	1.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information.



Ross Local School District, Ohio  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability  
 State Teachers Retirement System of Ohio  
 Last Four Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position Percentage as a of the Total OPEB (Asset)/Liability
2020	0.10644616%	(\$1,763,004)	\$12,566,571	(14.03%)	174.74%
2019	0.10241350%	(1,645,680)	11,613,429	(14.17%)	176.00%
2018	0.09779546%	3,815,618	10,683,257	35.72%	47.10%
2017	0.09659177%	5,165,753	10,214,657	50.57%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Ross Local School District, Ohio  
 Required Supplementary Information  
 Schedule of District's Contributions for Net OPEB (Asset)/Liability  
 State Teachers Retirement System of Ohio  
 Last Five Fiscal Years (1)

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2020	\$0	\$0	\$0	\$13,340,657	0.00%
2019	0	0	0	12,566,571	0.00%
2018	0	0	0	11,613,429	0.00%
2017	0	0	0	10,683,257	0.00%
2016	0	0	0	10,214,657	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Ross Local School District, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2020

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$11,206,413	\$13,044,367	\$11,948,569	(\$1,095,798)
Tuition and Fees	506,744	589,855	540,304	(49,551)
Investment Earnings	176,254	205,162	187,927	(17,235)
Intergovernmental	10,726,640	12,485,907	11,437,023	(1,048,884)
Extracurricular Activities	76,544	89,098	81,613	(7,485)
Other Revenues	573,547	667,614	611,531	(56,083)
<b>Total Revenues</b>	<b>23,266,142</b>	<b>27,082,003</b>	<b>24,806,967</b>	<b>(2,275,036)</b>
Expenditures:				
Current:				
Instruction:				
Regular	12,993,823	14,072,876	14,096,758	(23,882)
Special	2,683,355	2,906,190	2,911,122	(4,932)
Other	580,352	628,546	629,613	(1,067)
Support Services:				
Pupil	1,579,591	1,710,766	1,713,669	(2,903)
Instructional Staff	538,244	582,942	583,931	(989)
General Administration	45,157	48,907	48,990	(83)
School Administration	2,305,757	2,497,235	2,501,473	(4,238)
Fiscal	867,503	939,544	941,138	(1,594)
Business	8,559	9,269	9,285	(16)
Operations and Maintenance	2,606,673	2,823,140	2,827,931	(4,791)
Pupil Transportation	1,691,385	1,831,843	1,834,952	(3,109)
Central	8,446	9,147	9,163	(16)
Operation of Non-Instructional Services	10,909	11,815	11,835	(20)
Extracurricular Activities	571,311	618,755	619,805	(1,050)
Capital Outlay	14,400	15,596	15,622	(26)
<b>Total Expenditures</b>	<b>26,505,465</b>	<b>28,706,571</b>	<b>28,755,287</b>	<b>(48,716)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(3,239,323)</b>	<b>(1,624,568)</b>	<b>(3,948,320)</b>	<b>(2,323,752)</b>
Other Financing Sources (Uses):				
Transfers In	1,487,872	1,731,897	1,586,408	(145,489)
Transfers (Out)	(1,773,842)	(1,921,148)	(1,924,408)	(3,260)
<b>Total Other Financing Sources (Uses)</b>	<b>(285,970)</b>	<b>(189,251)</b>	<b>(338,000)</b>	<b>(148,749)</b>
<b>Net Change in Fund Balance</b>	<b>(3,525,293)</b>	<b>(1,813,819)</b>	<b>(4,286,320)</b>	<b>(2,472,501)</b>
Fund Balance Beginning of Year, (includes prior year encumbrances appropriated)	7,440,273	7,440,273	7,440,273	0
<b>Fund Balance - End of Year</b>	<b>\$3,914,980</b>	<b>\$5,626,454</b>	<b>\$3,153,953</b>	<b>(\$2,472,501)</b>

See accompanying notes to the required supplementary information.

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**Ross Local School District, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Year Fiscal Ended June 30, 2020**

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**Note 1 - Budgetary Process**

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All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. During the course of fiscal year 2019, the District amended its budget at several times, however none were significant.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2020.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Board during the year. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

While the District is reporting financial position, results of operations and changes in fund balance 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 Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) 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 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 liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as an assignment of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.
5. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

**Ross Local School District, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Year Fiscal Ended June 30, 2020**

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

	General
GAAP Basis	(\$2,072,954)
Revenue Accruals	(635,357)
Expenditure Accruals	(96,187)
Transfers In	1,586,408
Transfers (Out)	(1,640,883)
Encumbrances	(1,427,347)
Budget Basis	(\$4,286,320)

**Note 2 - Net Pension Liability**

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**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

2020: There were no changes in benefit terms from the amounts reported for this fiscal year.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changed in the Consumer Price Index Index (CPI-W), with a cap of 2.5% and a floor of 0%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Changes in Assumptions:**

2018-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
- (8) The discount rate was reduced from 7.75% to 7.50%.

**Ross Local School District, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Year Fiscal Ended June 30, 2020**

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2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

**State Teachers Retirement System (STRS)**

**Changes in Benefit Terms:**

2019-2020: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Changes in Assumptions:**

2019-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) 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,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

**Note 3 - Net OPEB (Asset)/Liability**

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**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

2017-2020: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Changes in Assumptions:**

2020: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	3.70%
Measurement Date	3.22%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.62%
Measurement Date	3.13%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.70%
Measurement Date	3.22%

**Ross Local School District, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Year Fiscal Ended June 30, 2020**

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2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (4) Discount Rate:
  - Prior Measurement Date 3.63%
  - Measurement Date 3.70%
- (5) Municipal Bond Index Rate:
  - Prior Measurement Date 3.56%
  - Measurement Date 3.62%
- (6) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
  - Prior Measurement Date 3.63%
  - Measurement Date 3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:
  - Fiscal Year 2018 3.63%
  - Fiscal Year 2017 2.98%
- (2) Municipal Bond Index Rate:
  - Fiscal Year 2018 3.56%
  - Fiscal Year 2017 2.92%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
  - Fiscal Year 2018 3.63%
  - Fiscal Year 2017 2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

**State Teachers Retirement System (STRS)**

**Changes in Benefit Terms:**

2020: There was no change to the claims costs process. 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



**Ross Local School District, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Year Fiscal Ended June 30, 2020**

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reimbursement elimination date was postponed to January 1, 2021.

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% 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. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent 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 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

**Changes in Assumptions:**

2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

2018: The discount rate was increased from 3.26 percent to 4.13 percent 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 percent to 7.45 percent. 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.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

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**ROSS LOCAL SCHOOL DISTRICT**  
**Butler County**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through Ohio Department of Education:			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	3L60	\$57,219
Cash Assistance:			
School Breakfast Program	10.553	3L70	18,844
COVID-19 School Breakfast Program	10.553	3L70	66,297
Total School Breakfast Program			<u>85,141</u>
National School Lunch Program	10.555	3L60	181,728
COVID-19 National School Lunch Program	10.555	3L60	135,142
Total National School Lunch Program			<u>316,870</u>
Special Milk Program	10.556	3L60	887
Total Child Nutrition Cluster			<u>460,117</u>
Total U.S. Department of Agriculture			<u>460,117</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through Ohio Department of Education:			
Special Education Cluster:			
Special Education-Grants to States	84.027	3M20	543,508
Total Special Education Cluster			<u>543,508</u>
Supporting Effective Instruction State Grants	84.367	3Y60	73,676
Title I Grants to Local Educational Agencies	84.010	3M00	201,892
Student Support and Academic Enrichment Program	84.424	3H10	14,106
Passed Through Hamilton County Educational Service Center:			
English Language Acquisition State Grants	84.365	N/A	250
Total U.S. Department of Education			<u>833,432</u>
Total Expenditures of Federal Awards			<u><u>\$1,293,549</u></u>

See accompanying notes to the schedule of expenditures of federal awards.

**ROSS LOCAL SCHOOL DISTRICT  
BUTLER COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Ross Local School District (the District) under programs of the federal government for the year ended June 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE E - CHILD NUTRITION CLUSTER**

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

**NOTE F – FOOD DONATION PROGRAM**

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

# OHIO AUDITOR OF STATE KEITH FABER



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SouthwestRegion@ohioauditor.gov

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

Ross Local School District  
Butler County  
3371 Hamilton Cleves Road  
Ross, Ohio 45013

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 Ross Local School District, Butler County, (the School District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated April 1, 2021 wherein we noted the financial impact of COVID-19 and how the continuing emergency measures may impact subsequent periods of the School District.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the School 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 School 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 School 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the School 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*.

***School District's Response to Finding***

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings and corrective action plan. We did not subject the School District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***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 School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio  
April 1, 2021

# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Ross Local School District  
Butler County  
3371 Hamilton Cleves Road  
Ross, Ohio 45013

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

We have audited Ross Local School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Ross Local School District's major federal program for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal program.

### ***Management's Responsibility***

The School District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

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

Our responsibility is to opine on the School District's compliance for the School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### ***Opinion on the Major Federal Program***

In our opinion, Ross Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2020.

**Report on Internal Control Over Compliance**

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio  
April 1, 2021



**ROSS LOCAL SCHOOL DISTRICT  
BUTLER COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2020**

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

**FINDING NUMBER 2020-001**

**Material Weakness**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

**FINDING NUMBER 2020-001  
(Continued)**

The Treasurer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board and/or other administrator is responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were prepared by the Treasurer's staff with errors and unreconciled differences. There was no indication of review of the bank reconciliations.

The June 30, 2020 reconciliation presented for audit indicated insufficient internal controls over account reconciliations and a lack of accurate and timely reconciliations. The reconciliation presented by the Treasurer for audit showed an unreconciled amount of \$18. However, auditors identified errors in the reconciled bank balances presented by the Treasurer such as carrying forward unnecessary reconciling items, removing reconciling items that have not been posted to the accounting system, and incorrectly calculating outstanding check amounts.

When the Treasurer made the corrections to the June 30, 2020 reconciliation, the Treasurer's reconciled bank balance was \$134,925 more than the School District's cash balance recorded in the accounting system and on the financial statements. The financial statements and accounting records have not been adjusted for these errors.

Accurate and timely reconciliations are essential for School District officials to fulfill their responsibility to account for public funds. Failure to accurately and timely reconcile monthly increases the possibility that the School District will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Treasurer's office should record all transactions and prepare monthly bank to book cash reconciliations, which should include all bank accounts (including zero balance accounts) and all fund balances. Variances should be investigated, documented and corrected. In addition, the Board and/or other administrator should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

**Officials' Response:**

See Corrective Action Plan.

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

None.

# Ross Local School District

**SUPERINTENDENT** (513) 863-1253  
**TREASURER** (513) 863-1250  
3371 Hamilton-Cleves Road • Hamilton, OH 45013

**ROSS HIGH SCHOOL**  
3601 Hamilton-Cleves Rd.  
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(513) 863-1252

**ROSS MIDDLE SCHOOL**  
3425 Hamilton-Cleves Rd.  
Hamilton, Ohio 45013  
(513) 863-1251

**ELDA ELEMENTARY**  
3980 Hamilton-Cleves Rd.  
Hamilton, Ohio 45013  
(513) 738-1972

**MORGAN ELEMENTARY**  
3427 Chapel Rd.  
Hamilton, Ohio 45013  
(513) 738-1986

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**2 CFR 200.511(b)**  
**JUNE 30, 2020**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	The School District did not properly reconcile cash	Not Corrected	Reissued as Finding 2020-001

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# Ross Local School District

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**MORGAN ELEMENTARY**  
3427 Chapel Rd.  
Hamilton, Ohio 45013  
(513) 738-1986

## **CORRECTIVE ACTION PLAN** **2 CFR § 200.511(c)** **June 30, 2020**

**Finding Number:** 2020-001  
**Planned Corrective Action:** All identified adjustments have been submitted. We have implemented changes to the Payroll requisition process which includes verifying tax payments to the bank statements. We have also identified areas with Payroll that will change our process going forward for reconciliation.  
**Anticipated Completion Date:** Initiated and fully implemented since the audit.  
**Responsible Contact Person:** John Kinsel, Treasurer



# OHIO AUDITOR OF STATE KEITH FABER



**ROSS LOCAL SCHOOL DISTRICT**

**BUTLER COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 5/11/2021**

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)