



OHIO AUDITOR OF STATE
KEITH FABER



**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY
JUNE 30, 2020**

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TRUMBULL COUNTY
JUNE 30, 2020**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Weathersfield Local School District
Trumbull County
1334 Seaborn St.
Mineral Ridge, Ohio 44440-9535

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 Weathersfield Local School District, Trumbull County, Ohio (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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 District, as of June 30, 2020, and the respective changes in financial position thereof and the budgetary comparison for the General Fund 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 3 to the financial statements, during 2020, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Additionally, as discussed in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the 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 19, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

April 19, 2021

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**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The management's discussion and analysis of the Weathersfield Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 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 financial performance.

Financial Highlights

Key financial highlights for fiscal year 2020 are as follows:

- In total, net position of governmental activities decreased \$50,153 which represents a 0.37% decrease from June 30, 2019's restated net position.
- General revenues accounted for \$9,185,766 in revenue or 69.40% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,050,146 or 30.60% of total revenues of \$13,235,912.
- The District had \$13,286,065 in expenses related to governmental activities; \$4,050,146 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$9,185,766 were inadequate to provide for these programs.
- The District's major governmental funds are the general fund and bond retirement fund. The general fund had \$11,418,708 in revenues and other financing sources and \$10,258,731 in expenditures and other financing uses. During fiscal year 2020, the general fund's fund balance increased \$1,159,977 from a balance of \$3,520,476 to a fund balance of \$4,680,453.
- The bond retirement fund had \$642,686 in revenues and \$630,748 in expenditures. During fiscal year 2020, the bond retirement fund's fund balance increased \$11,938 from a balance of \$622,886 to a fund balance of \$634,824.

Using these Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a 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 fiscal year 2020?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

In the statement of net position and the statement of activities, the Governmental Activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the bond retirement fund.

Governmental Funds

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

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in custodial funds. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

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

Required Supplemental Information

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The following tables provides a summary of the District's net position for June 30, 2020 and June 30, 2019. The net position for June 30, 2019 has been restated as described in Note 3.

	Net Position	
	Governmental Activities 2020	Restated Governmental Activities 2019
<u>Assets</u>		
Current and other assets	\$ 11,206,575	\$ 9,275,017
Net OPEB asset	636,269	614,785
Capital assets, net	<u>26,613,060</u>	<u>27,365,290</u>
Total assets	<u>38,455,904</u>	<u>37,255,092</u>
<u>Deferred Outflows of Resources</u>		
Unamortized deferred charges on debt refunding	15,449	26,355
Pension	2,277,433	3,084,540
OPEB	<u>373,780</u>	<u>270,021</u>
Total deferred outflows of resources	<u>2,666,662</u>	<u>3,380,916</u>
<u>Liabilities</u>		
Current liabilities	1,070,314	1,006,006
Long-term liabilities:		
Due in one year	489,186	471,096
Due within more than one year:		
Net pension liability	11,085,906	10,788,938
Net OPEB liability	1,114,927	1,168,503
Other amounts	<u>8,336,786</u>	<u>8,597,160</u>
Total liabilities	<u>22,097,119</u>	<u>22,031,703</u>
<u>Deferred Inflows of Resources</u>		
Property taxes levied for the next fiscal year	3,749,209	3,021,532
Pension	611,633	883,189
OPEB	<u>1,110,171</u>	<u>1,094,997</u>
Total deferred inflows of resources	<u>5,471,013</u>	<u>4,999,718</u>
<u>Net Position</u>		
Net investment in capital assets	18,438,274	19,012,981
Restricted	1,213,332	1,083,751
Unrestricted (deficit)	<u>(6,097,172)</u>	<u>(6,492,145)</u>
Total net position (restated)	<u>\$ 13,554,434</u>	<u>\$ 13,604,587</u>

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

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

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

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

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

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

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

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 resources by \$13,554,434.

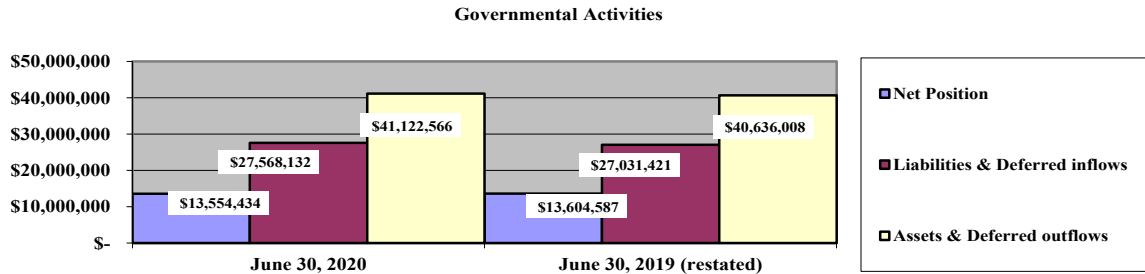
At year-end, capital assets represented 69.20% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets at June 30, 2020, was \$18,438,274. These capital assets are used to provide services to the 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.

Deferred outflows related to pension decreased primarily due to changes in assumptions by the State Teachers Retirement System (STRS). See Note 13 for more detail.

Total assets include a net OPEB asset reported by STRS. See Note 14 for more detail.

A portion of the District's net position, \$1,213,332, represents resources that are subject to external restriction on how they may be used.

The graph below presents the District's governmental activities assets and deferred outflows, liabilities and deferred inflows, and net position for fiscal year 2020 and 2019. The information for fiscal year 2019 has been restated as described in Note 3.



**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The table below shows the change in net position for fiscal years 2020 and 2019. The information for fiscal year 2019 has been restated as described in Note 3.

	Change in Net Position	
	Governmental Activities <u>2020</u>	Restated Governmental Activities <u>2019</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 2,443,067	\$ 2,489,279
Operating grants and contributions	1,590,573	1,240,026
Capital grants and contributions	16,506	-
General revenues:		
Property taxes	3,908,974	3,747,338
Grants and entitlements	5,079,181	5,128,848
Investment earnings	96,166	88,267
Other	<u>101,445</u>	<u>38,578</u>
Total revenues	<u>13,235,912</u>	<u>12,732,336</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 5,095,781	\$ 4,102,678
Special	1,126,713	870,062
Vocational	3,861	-
Other	748,489	762,364
Support services:		
Pupil	705,300	682,251
Instructional staff	180,637	159,722
Board of education	24,590	19,659
Administration	1,235,573	1,000,680
Fiscal	369,078	297,719
Business	18,774	13,176
Operations and maintenance	1,776,273	1,473,850
Pupil transportation	618,016	423,068
Central	5,696	78
Operation of non-instructional services:		
Other non-instructional services	84,856	62,778
Food service operations	426,315	344,904
Extracurricular activities	606,428	595,486
Interest and fiscal charges	<u>259,685</u>	<u>282,034</u>
Total expenses	<u>13,286,065</u>	<u>11,090,509</u>
Change in net position	(50,153)	1,641,827
Net position at beginning of year (restated)	<u>13,604,587</u>	<u>11,962,760</u>
Net position at end of year	<u><u>\$ 13,554,434</u></u>	<u><u>\$ 13,604,587</u></u>

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Governmental Activities

Net position of the District’s governmental activities decreased \$50,153. Total governmental expenses of \$13,286,065 were offset by program revenues of \$4,050,146 and general revenues of \$9,185,766. Program revenues supported 30.48% of the total governmental expenses.

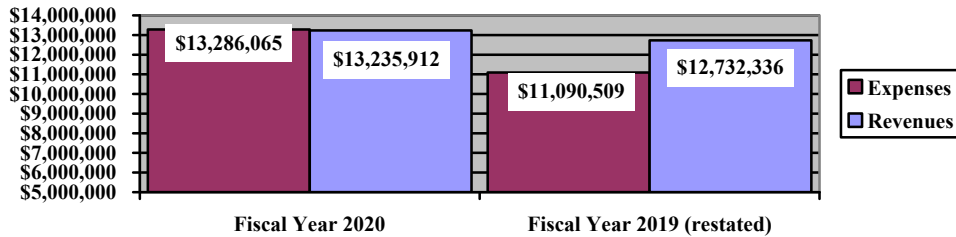
Overall, expenses of the governmental activities increased \$2,195,556 or 19.80%. This increase is primarily the result of the STRS indefinitely suspending the Cost of Living Adjustment (“COLA”) and the School Employee Retirement System (SERS) lowering the COLA from 3.00% to 2.50% in fiscal year 2018. These benefit changes caused a decrease to the net pension liability reported at June 30, 2019 and the subsequent expenses reported.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 67.91% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$6,974,844 or 52.50% of total governmental expenses for fiscal year 2020.

The graph below presents the District’s governmental activities revenue and expenses for fiscal years 2020 and 2019. The information for fiscal year 2019 has been restated as described in Note 3.

Governmental Activities - Revenues and Expenses



**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

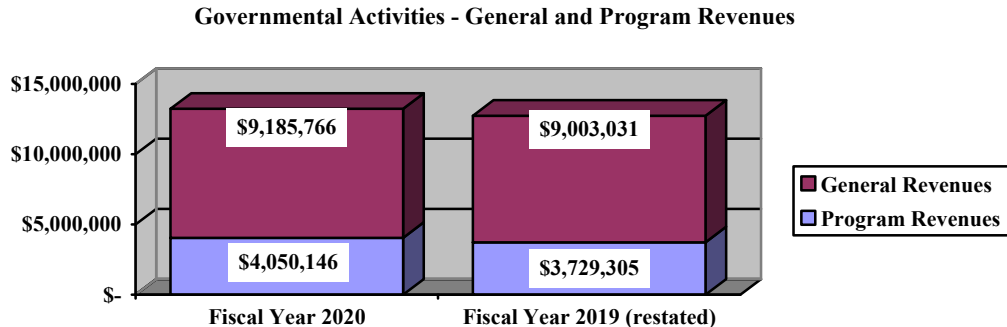
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. The information for fiscal year 2019 has been restated as described in Note 3.

Governmental Activities				
	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>	Restated Total Cost of Services <u>2019</u>	Restated Net Cost of Services <u>2019</u>
Program expenses				
Instruction:				
Regular	\$ 5,095,781	\$ 2,966,041	\$ 4,102,678	\$ 2,030,237
Special	1,126,713	212,281	870,062	(15,561)
Vocational	3,861	3,861	-	-
Other	748,489	748,489	762,364	762,364
Support services:				
Pupil	705,300	436,821	682,251	568,080
Instructional staff	180,637	156,315	159,722	134,886
Board of education	24,590	24,590	19,659	19,659
Administration	1,235,573	1,124,446	1,000,680	913,367
Fiscal	369,078	352,999	297,719	281,907
Business	18,774	18,774	13,176	13,176
Operations and maintenance	1,776,273	1,760,019	1,473,850	1,459,611
Pupil transportation	618,016	541,960	423,068	404,257
Central	5,696	5,453	78	78
Operations of non-instructional services:				
Other non-instructional services	84,856	84,856	62,778	62,778
Food service operations	426,315	99,235	344,904	34,808
Extracurricular activities	606,428	440,094	595,486	409,523
Interest and fiscal charges	<u>259,685</u>	<u>259,685</u>	<u>282,034</u>	<u>282,034</u>
Total expenses	<u>\$ 13,286,065</u>	<u>\$ 9,235,919</u>	<u>\$ 11,090,509</u>	<u>\$ 7,361,204</u>

The dependence upon tax and other general revenues for governmental activities is apparent as 56.36% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 69.52%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio are the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2020 and 2019. The information for fiscal year 2019 has been restated as described in Note 3.



**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The District's Funds

The District's governmental funds reported a combined fund balance of \$5,873,204, which is higher than last year's restated balance of \$4,679,080. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2020 and June 30, 2019. The information for fiscal year 2019 has been restated as described in Note 3.

	Fund Balance <u>June 30, 2020</u>	Restated Fund Balance <u>June 30, 2019</u>	<u>Change</u>	<u>Percentage Change</u>
General	\$ 4,680,453	\$ 3,520,476	\$ 1,159,977	32.95 %
Bond retirement	634,824	622,886	11,938	1.92 %
Other Governmental	<u>557,927</u>	<u>535,718</u>	<u>22,209</u>	4.15 %
Total	<u>\$ 5,873,204</u>	<u>\$ 4,679,080</u>	<u>\$ 1,194,124</u>	25.52 %

General Fund

The District's general fund balance increased \$1,159,977.

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

	2020 <u>Amount</u>	2019 <u>Amount</u>	<u>Change</u>	<u>Percentage Change</u>
<u>Revenues</u>				
Property taxes	\$ 3,238,434	\$ 3,093,484	\$ 144,950	4.69 %
Tuition	2,211,989	2,183,795	28,194	1.29 %
Earnings on investments	97,771	85,771	12,000	13.99 %
Intergovernmental	5,627,173	5,627,004	169	0.00 %
Other revenues	<u>128,583</u>	<u>73,380</u>	<u>55,203</u>	75.23 %
Total	<u>\$ 11,303,950</u>	<u>\$ 11,063,434</u>	<u>\$ 240,516</u>	2.17 %
<u>Expenditures</u>				
Instruction	\$ 5,980,250	\$ 5,924,018	\$ 56,232	0.95 %
Support services	3,678,594	3,614,942	63,652	1.76 %
Other non-instructional services	84,892	71,286	13,606	19.09 %
Extracurricular activities	357,855	313,344	44,511	14.21 %
Facilities acquisition and construction	114,758	50,904	63,854	125.44 %
Debt service	<u>25,894</u>	<u>12,900</u>	<u>12,994</u>	100.73 %
Total	<u>\$ 10,242,243</u>	<u>\$ 9,987,394</u>	<u>\$ 254,849</u>	2.55 %

Overall revenue in the general fund increased \$240,516 or 2.17%. Property taxes increased \$144,950 or 4.69% primarily due to an increase in current fiscal year collections. Other revenues increased by \$55,203 or 75.23% primarily due to large increases in extracurricular and other local revenues. Overall expenditures of the general fund increased \$254,849 or 2.55%. Facilities acquisition and construction increased \$63,854 or 125.44% due to the District initiating a new capital lease for copiers in the current fiscal year. Debt service increased \$12,994 or 100.73% due to the District's payment on the new copier lease. All other expenditures and revenues remained comparable to fiscal year 2019.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 several times. For the general fund, original budgeted revenues and other financing sources were \$10,647,269. Final budgeted revenues and other financing sources were \$10,796,080. Actual budgeted revenues and other financing sources were \$10,658,317, a decrease of \$137,763 from final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) and final budget appropriations were \$11,500,000 and \$10,820,000, respectively. The actual budget basis expenditures and other financing uses for fiscal year 2020 were \$9,837,838, a decrease of \$982,162 from final appropriations.

Bond Retirement Fund

The bond retirement fund had \$642,686 in revenues and \$630,748 in expenditures. During fiscal year 2020, the bond retirement fund's fund balance increased \$11,938 from a balance of \$622,886 to a fund balance of \$634,824.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2020, the District had \$26,613,060 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities.

The following table shows June 30, 2020 balances compared to June 30, 2019:

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

	Governmental Activities	
	2020	2019
Land	\$ 60,088	\$ 60,088
Land improvements	1,389,775	1,518,823
Building and improvements	23,925,317	24,511,549
Furniture and equipment	928,955	886,275
Vehicles	308,925	388,555
	\$ 26,613,060	\$ 27,365,290

The overall decrease in capital assets of \$752,230 is primarily due to depreciation expense of \$1,024,578 exceeding capital outlays of \$275,223.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Debt Administration

At June 30, 2020, the District had \$106,663 in capital leases, \$285,000 in 2013 series refunding bonds and \$7,660,000 in 2012 series bonds. Of this total, \$413,380 is due within one year and \$7,638,283 is due in greater than one year. The following table summarizes the lease purchase agreements, capital leases and bonds outstanding at June 30, 2020 and June 30, 2019.

Outstanding Debt, at Year End

	Governmental Activities <u>June 30, 2020</u>	Governmental Activities <u>June 30, 2019</u>
Capital lease agreements	\$ 106,663	\$ 14,589
Series 2013 general obligation refunding bonds	285,000	425,000
Series 2012 general obligation bonds	<u>7,660,000</u>	<u>7,899,111</u>
 Total	 <u>\$ 8,051,663</u>	 <u>\$ 8,338,700</u>

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

Current Financial Related Activities

The District has two emergency levies. The first one originally voted in 2004 was renewed for 5 years at 5.5 mills. This levy generates \$538,168 and was renewed at the November 5, 2013 general election. The levy renewed for a period of 10 years at 5.15 mills. The second emergency levy was renewed for a 10-year period in May of 2020. This levy generates \$418,128 and was renewed at 3.650 mills.

The restructuring of the District is an ongoing issue. Beginning with the 2013 fiscal year, a majority of our special education services which had been contracted out with the Trumbull County Educational Service Center (TCESC) have been brought in-house. Our District hired a full time School Psychologist in 2020. This position was previously shared with the McDonald Local School District. We also hired a full time Speech Pathologist, a position that was previously contracted through Easter Seals. We are also looking into shared busing options as well. The special education supervisor and work study services that we were obtaining from TCESC has also been removed and our staff now handles these positions with our Special Education Director handling the Special Education Administrator position.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Steve Haynie, Treasurer, Weathersfield Local School District, 1334 Seaborn Street, Mineral Ridge, Ohio 44440.

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**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 6,710,022
Receivables:	
Taxes	4,297,599
Accrued interest.	900
Intergovernmental	144,811
Prepayments.	47,043
Materials and supplies inventory	2,338
Inventory held for resale.	3,862
Net OPEB asset	636,269
Capital assets:	
Nondepreciable capital assets	60,088
Depreciable capital assets, net	26,552,972
Capital assets, net	26,613,060
Total assets	38,455,904
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	15,449
Pension	2,277,433
OPEB	373,780
Total deferred outflows of resources	2,666,662
Liabilities:	
Accounts payable.	31,745
Accrued wages and benefits	806,406
Intergovernmental payable	35,305
Pension and postemployment benefits payable	178,819
Accrued interest payable	18,039
Long-term liabilities:	
Due within one year.	489,186
Due in more than one year:	
Net pension liability.	11,085,906
Net OPEB liability.	1,114,927
Other amounts due in more than one year	8,336,786
Total liabilities	22,097,119
Deferred inflows of resources:	
Property taxes levied for the next fiscal year.	3,749,209
Pension	611,633
OPEB.	1,110,171
Total deferred inflows of resources.	5,471,013
Net position:	
Net investment in capital assets	18,438,274
Restricted for:	
Capital projects	258,164
Classroom facilities maintenance	80,141
Debt service.	715,368
State funded programs.	10,063
Student activities	95,561
Other purposes	54,035
Unrestricted (deficit)	(6,097,172)
Total net position.	\$ 13,554,434

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
Instruction:					
Regular	\$ 5,095,781	\$ 2,040,854	\$ 88,886	\$ -	\$ (2,966,041)
Special	1,126,713	194,712	719,720	-	(212,281)
Vocational	3,861	-	-	-	(3,861)
Other	748,489	-	-	-	(748,489)
Support services:					
Pupil	705,300	-	268,479	-	(436,821)
Instructional staff	180,637	-	24,322	-	(156,315)
Board of education	24,590	-	-	-	(24,590)
Administration	1,235,573	26	111,101	-	(1,124,446)
Fiscal	369,078	3,405	12,674	-	(352,999)
Business	18,774	-	-	-	(18,774)
Operations and maintenance . .	1,776,273	3,442	12,812	-	(1,760,019)
Pupil transportation	618,016	-	76,056	-	(541,960)
Central	5,696	-	243	-	(5,453)
Operation of non-instructional services:					
Other non-instructional services	84,856	-	-	-	(84,856)
Food service operations	426,315	69,264	257,816	-	(99,235)
Extracurricular activities	606,428	131,364	18,464	16,506	(440,094)
Interest and fiscal charges	259,685	-	-	-	(259,685)
Total governmental activities . . .	\$ 13,286,065	\$ 2,443,067	\$ 1,590,573	\$ 16,506	(9,235,919)

General revenues:

Property taxes levied for:	
General purposes	3,264,090
Debt service	553,656
Capital projects	45,614
Classroom facilities and maintenance	45,614
Grants and entitlements not restricted	
to specific programs	5,079,181
Investment earnings	96,166
Miscellaneous	101,445
Total general revenues	9,185,766
Change in net position	(50,153)
Net position at beginning of year (restated) . .	13,604,587
Net position at end of year	\$ 13,554,434

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents.	\$ 5,447,382	\$ 632,184	\$ 630,456	\$ 6,710,022
Receivables:				
Property taxes.	3,547,905	651,890	97,804	4,297,599
Accrued interest.	891	-	9	900
Intergovernmental.	144,811	-	-	144,811
Prepayments.	47,043	-	-	47,043
Materials and supplies inventory	-	-	2,338	2,338
Inventory held for resale.	-	-	3,862	3,862
Total assets	<u>\$ 9,188,032</u>	<u>\$ 1,284,074</u>	<u>\$ 734,469</u>	<u>\$ 11,206,575</u>
Liabilities:				
Accounts payable	\$ 30,322	\$ -	\$ 1,423	\$ 31,745
Accrued wages and benefits	740,435	-	65,971	806,406
Intergovernmental payable	34,090	-	1,215	35,305
Pension and postemployment benefits payable	168,303	-	10,516	178,819
Total liabilities.	<u>973,150</u>	<u>-</u>	<u>79,125</u>	<u>1,052,275</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.	3,095,179	568,706	85,324	3,749,209
Delinquent property tax revenue not available.	438,359	80,544	12,084	530,987
Accrued interest not available.	891	-	9	900
Total deferred inflows of resources	<u>3,534,429</u>	<u>649,250</u>	<u>97,417</u>	<u>4,281,096</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory.	-	-	2,338	2,338
Prepays	47,043	-	-	47,043
Restricted:				
Debt service	-	634,824	-	634,824
Capital improvements	-	-	252,122	252,122
Classroom facilities maintenance	-	-	74,099	74,099
Food service operations	-	-	72,009	72,009
Other purposes.	-	-	10,063	10,063
Student activities.	-	-	95,561	95,561
Committed:				
Capital improvements	-	-	65,386	65,386
Assigned:				
Public school support.	26,761	-	-	26,761
Subsequent year's appropriations	133,436	-	-	133,436
School supplies.	18,628	-	-	18,628
Unassigned (deficit)	<u>4,454,585</u>	<u>-</u>	<u>(13,651)</u>	<u>4,440,934</u>
Total fund balances	<u>4,680,453</u>	<u>634,824</u>	<u>557,927</u>	<u>5,873,204</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 9,188,032</u>	<u>\$ 1,284,074</u>	<u>\$ 734,469</u>	<u>\$ 11,206,575</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2020

Total governmental fund balances		\$	5,873,204
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			26,613,060
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	530,987	
Accrued interest receivable		900	
Total		900	531,887
Unamortized premiums on bonds issued are not recognized in the funds.			(138,572)
Unamortized amounts on refundings are not recognized in the funds.			15,449
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(18,039)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:			
Deferred outflows of resources - pension		2,277,433	
Deferred inflows of resources - pension		(611,633)	
Net pension liability		(11,085,906)	
Total		(11,085,906)	(9,420,106)
The net OPEB liability/asset is not due and payable in the current period; therefore, the liability/asset and related deferred inflows/outflows are not reported in governmental funds:			
Deferred outflows of resources - OPEB		373,780	
Deferred inflows of resources - OPEB		(1,110,171)	
Net OPEB asset		636,269	
Net OPEB liability		(1,114,927)	
Total		(1,114,927)	(1,215,049)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(635,737)	
Capital lease obligations		(106,663)	
General obligation current interest bonds		(7,945,000)	
Total		(8,687,400)	(8,687,400)
Net position of governmental activities		\$	13,554,434

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes	\$ 3,238,434	\$ 568,371	\$ 93,406	\$ 3,900,211
Tuition.	2,211,989	-	-	2,211,989
Earnings on investments	97,771	-	988	98,759
Charges for services	-	-	76,137	76,137
Extracurricular.	25,164	-	106,200	131,364
Classroom materials and fees	23,577	-	-	23,577
Contributions and donations	4,695	-	31,506	36,201
Other local revenues	75,147	-	21,710	96,857
Intergovernmental - state	5,627,173	74,315	219,428	5,920,916
Intergovernmental - federal	-	-	766,731	766,731
Total revenues	<u>11,303,950</u>	<u>642,686</u>	<u>1,316,106</u>	<u>13,262,742</u>
Expenditures:				
Current:				
Instruction:				
Regular.	4,348,402	-	94,423	4,442,825
Special	879,498	-	135,695	1,015,193
Vocational	3,861	-	-	3,861
Other	748,489	-	-	748,489
Support services:				
Pupil	340,652	-	282,052	622,704
Instructional staff	123,747	-	26,813	150,560
Board of education	14,691	-	-	14,691
Administration	973,074	-	120,321	1,093,395
Fiscal	307,481	11,687	17,463	336,631
Business.	17,476	-	-	17,476
Operations and maintenance	1,452,710	-	116,159	1,568,869
Pupil transportation	443,616	-	62,211	505,827
Central	5,147	-	549	5,696
Operation of non-instructional services:				
Other operation of non-instructional.	84,892	-	-	84,892
Food service operations.	-	-	336,993	336,993
Extracurricular activities	357,855	-	117,706	475,561
Facilities acquisition and construction.	114,758	-	-	114,758
Debt service:				
Principal retirement.	22,684	268,083	-	290,767
Interest and fiscal charges	3,210	229,061	-	232,271
Accreted interest on capital appreciation bonds	-	121,917	-	121,917
Total expenditures	<u>10,242,243</u>	<u>630,748</u>	<u>1,310,385</u>	<u>12,183,376</u>
Excess of revenues over expenditures.	<u>1,061,707</u>	<u>11,938</u>	<u>5,721</u>	<u>1,079,366</u>
Other financing sources (uses):				
Transfers in.	-	-	16,488	16,488
Transfers (out)	(16,488)	-	-	(16,488)
Capital lease transaction	114,758	-	-	114,758
Total other financing sources (uses)	<u>98,270</u>	<u>-</u>	<u>16,488</u>	<u>114,758</u>
Net change in fund balances	1,159,977	11,938	22,209	1,194,124
Fund balances at beginning of year (restated). . .	<u>3,520,476</u>	<u>622,886</u>	<u>535,718</u>	<u>4,679,080</u>
Fund balances at end of year.	<u>\$ 4,680,453</u>	<u>\$ 634,824</u>	<u>\$ 557,927</u>	<u>\$ 5,873,204</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds	\$	1,194,124
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 275,223	
Current year depreciation	<u>(1,024,578)</u>	(749,355)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(2,875)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	8,763	
Accrued interest	(1,621)	
Intergovernmental	<u>(33,972)</u>	(26,830)
Total		
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:		
Current interest bonds	140,000	
Capital appreciation bonds	128,083	
Accreted interest on capital appreciation bonds	121,917	
Capital leases	<u>22,684</u>	412,684
Total		
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amount as deferred outflows.		
Pension	846,614	
OPEB	<u>27,940</u>	874,554
Total		
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities		
Pension	(1,679,133)	
OPEB	<u>135,705</u>	(1,543,428)
Total		
Issuance of capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(114,758)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		
Change in accrued interest payable	222	
Accreted interest on capital appreciation bonds	(10,889)	
Amortization of bond premiums	12,420	
Amortization of deferred charges	<u>(10,906)</u>	(9,153)
Total		
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(85,116)</u>
Change in net position of governmental activities	\$	<u>(50,153)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 2,508,124	\$ 2,800,312	\$ 2,802,409	\$ 2,097
Tuition	2,059,607	2,210,333	2,211,989	1,656
Earnings on investments	68,077	104,114	97,771	(6,343)
Classroom materials and fees	543	-	-	-
Other local revenues	20,585	35,965	35,992	27
Intergovernmental - state	5,108,964	5,423,671	5,427,734	4,063
Total revenues	<u>9,765,900</u>	<u>10,574,395</u>	<u>10,575,895</u>	<u>1,500</u>
Expenditures:				
Current:				
Instruction:				
Regular	4,708,542	4,732,660	4,389,288	343,372
Special	961,501	944,395	875,876	68,519
Other	810,327	807,043	748,489	58,554
Support services:				
Pupil	368,821	266,385	247,058	19,327
Instructional staff	123,934	99,112	91,921	7,191
Board of education	16,774	15,823	14,675	1,148
Administration	963,854	1,042,545	966,905	75,640
Fiscal	298,501	315,412	292,528	22,884
Business	28,831	46,763	43,370	3,393
Operations and maintenance	1,361,224	1,495,721	1,387,201	108,520
Pupil transportation	430,698	367,553	340,886	26,667
Central	405	5,550	5,147	403
Other operation of non-instructional services	69,135	90,985	84,384	6,601
Extracurricular activities	513,357	359,721	333,622	26,099
Facilities acquisition and construction	94,096	53,196	-	53,196
Total expenditures	<u>10,750,000</u>	<u>10,642,864</u>	<u>9,821,350</u>	<u>821,514</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(984,100)</u>	<u>(68,469)</u>	<u>754,545</u>	<u>823,014</u>
Other financing sources (uses):				
Refund of prior year's expenditures	45,958	57,422	57,422	-
Transfers in	835,411	-	-	-
Transfers (out)	(750,000)	(16,488)	(16,488)	-
Advances in	-	139,263	-	(139,263)
Advances (out)	-	(160,648)	-	160,648
Sale of capital assets	-	25,000	25,000	-
Total other financing sources (uses)	<u>131,369</u>	<u>44,549</u>	<u>65,934</u>	<u>21,385</u>
Net change in fund balance	(852,731)	(23,920)	820,479	844,399
Fund balance at beginning of year	<u>4,042,292</u>	<u>4,042,292</u>	<u>4,042,292</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,189,561</u>	<u>\$ 4,018,372</u>	<u>\$ 4,862,771</u>	<u>\$ 844,399</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Custodial
Additions:	
Extracurricular collections for OHSAA.	\$ 5,547
Total additions.	5,547
Deductions:	
Extracurricular distributions to OHSAA	5,547
Total deductions	5,547
Change in net position	-
Net position at beginning of year (restated)	-
Net position at end of year	\$ -

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Weathersfield Local School District (the “District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is governed by a locally elected five-member Board of Education (the “Board”) and provides educational services as mandated by State or federal agencies. The Board controls the District’s two instructional/support facilities.

The District is staffed by 33 non-certified and 69 certified personnel to provide services to approximately 982 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Management Information Network (NEOMIN)

NEOMIN is a jointly governed organization among thirty-one school districts in Trumbull and Ashtabula Counties. 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 among member districts. Each of the districts supports NEOMIN based upon a per pupil charge.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County school districts and a treasurer from each county who must be employed by a participating school district, the fiscal agent or NEOMIN. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Educational Service Center, 6000 Youngstown Warren Road, Niles, Ohio 44446.

State Support Team Region 5 (the "Team")

The Team is a jointly governed organization among the school districts located in Trumbull, Mahoning, Ashtabula, and Columbiana Counties. The jointly governed organization was formed for the purpose of establishing an articulated, regional structure for professional development in which school districts, the business community, higher education and other groups cooperatively plan and implement effective professional development activities that are tied directly to school improvements and, in particular, to improvements in instructional programs.

The Team is governed by a Board made up of nineteen representatives of the participating school districts, the business community and the Youngstown State University whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, 100 DeBartolo Place, Suite 220, Youngstown, Ohio, 44512.

PUBLIC ENTITY RISK POOLS

Trumbull County Schools Employee Insurance Benefit Consortium (the "Consortium")

The District participates in the Consortium. The Consortium is a shared risk pool comprised of sixteen Trumbull County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly exercises control over the operation of the Consortium. Consortium revenues are generated from charges for services.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Bond retirement fund - The bond retirement 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.

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

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial fund accounts for high school tournament funds.

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

D. Basis of Accounting

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Notes 13 and 14 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds except custodial funds. The specific timetable for fiscal year 2020 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The budget figures, as shown in the accompanying budgetary statement, reflect the amounts set forth in the original and final certificate of estimated resources issued for fiscal year 2020.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriations amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board prior to June 30, 2020. The budget figures, as shown in the accompanying budgetary statement, reflect the original and final appropriation amounts including all amendments and modifications.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

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

During fiscal year 2020, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), nonnegotiable certificates of deposit, and a repurchase agreement. Nonparticipating investment contracts are reported at cost.

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

For fiscal year 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2020 amounted to \$97,771, which includes \$18,536 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District’s investment account at year end is provided in Note 4.

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. 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. The District does not possess infrastructure.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	5 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

I. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2020 and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/from other funds." These amounts are eliminated in the governmental type activities columns of the statement of net position. At June 30, 2020, there were no interfund balances outstanding.

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

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

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

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

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

M. Net Position

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

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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

N. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

O. Estimates

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

P. Interfund Activity

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

Q. Pensions/Other Postemployment Benefits (OPEB)

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2020.

S. Bond Premium and Discount/Deferred Charge on Refunding

On fund financial statements and the government-wide financial statements, issuance costs are expensed/expended in the fiscal year they occur.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. On the governmental fund financial statements, bond premiums are recognized in the current period.

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as an addition to or reduction of the face amount of the new debt.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2020, the District has implemented GASB Statement No. 84, “*Fiduciary Activities*” and GASB Statement No. 90, “*Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*”.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. The District reviewed its agency funds and certain funds will be reported in the new fiduciary classification of custodial funds, while other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the District’s financial statements.

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

B. Restatement of Net Position and Fund Balances

The implementation of GASB Statement No. 84 had the following effect on fund balance as reported at June 30, 2020:

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Fund Balance as previously reported	\$ 3,520,476	\$ 622,886	\$ 493,887	\$ 4,637,249
GASB Statement No. 84	-	-	41,831	41,831
Restated Fund Balance, at June 30, 2019	<u>\$ 3,520,476</u>	<u>\$ 622,886</u>	<u>\$ 535,718</u>	<u>\$ 4,679,080</u>

The implementation of GASB Statement No. 84 had the following effect on the net position as reported at June 30, 2019:

	<u>Governmental Activities</u>
Net position as previously reported	\$ 13,562,756
GASB Statement No. 84	<u>41,831</u>
Restated net position at June 30, 2019	<u>\$ 13,604,587</u>

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

Due to the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting a beginning net position of \$0. Also, related to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. At June 30, 2019, agency funds reported assets and liabilities of \$41,831.

C. Deficit Fund Balances

Fund balances at June 30, 2020 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Student wellness and success	\$ 6,462
IDEA Part B	3,232
Title I	3,957

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

A. Cash on Hand

At fiscal year end, the District had \$220 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

B. Deposits with Financial Institutions

At June 30, 2020, the carrying amount of all District deposits was \$2,250,018, including \$878,465 in nonnegotiable certificates of deposit, and the bank balance of all District deposits was \$2,255,071. Of the bank balance, \$1,300,308 was covered by the FDIC and \$954,763 was covered by the Ohio Pooled Collateral System.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2020, the District had the following investments and maturities:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>Investment Maturities 6 months or less</u>
<i>Cost:</i>		
STAR Ohio	\$ 1	\$ 1
Repurchase agreement	<u>4,459,783</u>	<u>4,459,783</u>
Total	<u>\$ 4,459,784</u>	<u>\$ 4,459,784</u>

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Of the District's \$4,459,783 investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Credit Risk: STAR Ohio carries a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by state statute.

The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2020:

<u>Investment types</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 1	0.01
Repurchase agreement	<u>4,459,783</u>	<u>99.99</u>
Total	<u>\$ 4,459,784</u>	<u>100.00</u>

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2020:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,250,018
Investments	4,459,784
Cash on hand	<u>220</u>
Total	<u>\$ 6,710,022</u>

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

<u>Cash and investments per statement of net position</u>	
Governmental activities	<u>\$ 6,710,022</u>
Total	<u>\$ 6,710,022</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2020, consisted of the following, as reported on the fund financial statements:

<u>Transfers from the general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	<u>\$ 16,488</u>

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

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2020 represent the collection of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed values as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2020 represent the collection of calendar year 2019 taxes. Public utility real and personal property taxes received in calendar year 2020 became a lien on December 31, 2018, were levied after April 1, 2019, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Trumbull and Mahoning Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount available as an advance at June 30, 2020 was \$14,367 in the general fund, \$2,640 in the bond retirement fund, \$198 in the permanent improvement fund (a nonmajor governmental fund) and \$198 in the classroom facilities fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2019 was \$23,563 in the general fund, \$5,439 in the bond retirement fund, \$407 in the permanent improvement fund (a nonmajor governmental fund) and \$407 in the classroom facilities fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2020 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

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

	2019 Second Half Collections		2020 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 80,981,760	80.65	\$ 81,343,210	80.52
Public utility personal	<u>19,434,540</u>	<u>19.35</u>	<u>19,679,980</u>	<u>19.48</u>
Total	<u>\$ 100,416,300</u>	<u>100.00</u>	<u>\$ 101,023,190</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General	\$52.85		\$53.00	
Debt service	6.50		6.05	
Permanent improvement	1.00		1.00	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2020 consisted of property taxes, accrued interest, and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 4,297,599
Accrued interest	900
Intergovernmental	<u>144,811</u>
Total	<u>\$ 4,443,310</u>

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	<u>Balance</u> <u>06/30/19</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/20</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 60,088	\$ -	\$ -	\$ 60,088
Total capital assets, not being depreciated	<u>60,088</u>	<u>-</u>	<u>-</u>	<u>60,088</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	2,833,041	-	-	2,833,041
Buildings and improvements	31,403,712	34,397	-	31,438,109
Furniture and equipment	1,497,461	157,266	-	1,654,727
Vehicles	921,300	83,560	(15,000)	989,860
Total capital assets, being depreciated	<u>36,655,514</u>	<u>275,223</u>	<u>(15,000)</u>	<u>36,915,737</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(1,314,218)	(129,048)	-	(1,443,266)
Buildings and improvements	(6,892,163)	(620,629)	-	(7,512,792)
Furniture and equipment	(611,186)	(114,586)	-	(725,772)
Vehicles	(532,745)	(160,315)	12,125	(680,935)
Total accumulated depreciation	<u>(9,350,312)</u>	<u>(1,024,578)</u>	<u>12,125</u>	<u>(10,362,765)</u>
Governmental activities capital assets, net	<u>\$ 27,365,290</u>	<u>\$ (749,355)</u>	<u>\$ (2,875)</u>	<u>\$ 26,613,060</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$ 339,912
Special	39,759

Support services:

Pupil	33,748
Instructional staff	13,757
Board of education	8,993
Administration	48,249
Fiscal	13,810
Operations and maintenance	178,420
Pupil transportation	160,622
Extracurricular activities	133,029
Food service operations	54,279
Total depreciation expense	<u>\$ 1,024,578</u>

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 9 - CAPITAL LEASE AGREEMENTS

On July 20, 2015 and December 7, 2019, the District entered into capital lease agreements with ComDoc leasing for copiers. The items related to the lease on July 20, 2015 have been capitalized in the amount of \$56,809. The copiers related to the lease on December 7, 2019 were capitalized in the amount of \$114,758. These amounts represent the present value of the minimum lease payments at the time of acquisition. A corresponding liability for these leases is recorded in the government-wide financial statements. Accumulated depreciation as of June 30, 2020 was \$62,604, leaving a current book value of \$108,963. During fiscal year 2020, the District made principal and interest payments of \$22,684 and \$3,210, respectively, paid by the general fund.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 28,138
2022	25,987
2023	25,988
2024	25,988
2025	<u>12,993</u>
Total minimum lease payments	119,094
Less: amount representing interest	<u>(12,431)</u>
Total	<u>\$ 106,663</u>

NOTE 10 - LONG-TERM OBLIGATIONS

- A. Series 2013 General Obligation Bonds: On February 13, 2013, the District issued Series 2013 General Obligation Refunding Bonds to advance refund \$853,228 of the 2002 general obligation bonds.

The refunding issue is comprised of both current interest bonds, par value \$855,000, and capital appreciation bonds, par value \$79,999. The interest rates on the current interest bonds range from 1.00% - 2.00% with interest payments due on June 1 and December 1 of each year until final maturity at December 1, 2021. The balance of the current interest refunding bonds at June 30, 2020, is \$285,000. The capital appreciation bonds matured on December 1, 2016 at a redemption price equal to 100% of the principal plus accrued interest to the redemption date at stated approximate yields to maturity of 13.26%. Principal and interest payments are made from the bond retirement fund.

The reacquisition price exceeded the net carrying amount of the refunded debt by \$95,426; this amount is amortized as a deferred outflow of resources over the remaining term of the refunded debt, which is equal to the life of the new debt issued.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2021.

Principal and interest requirements to retire the refunding bonds outstanding at June 30, 2020, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Current Interest Bonds - 2013</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 140,000	\$ 4,300	\$ 144,300
2022	<u>145,000</u>	<u>1,450</u>	<u>146,450</u>
Total	<u>\$ 285,000</u>	<u>\$ 5,750</u>	<u>\$ 290,750</u>

- B. Series 2012 General Obligation Bonds: On October 23, 2012, the District issued \$9,056,936 in general obligation bonds (Series 2012 Bonds).

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The original issue was comprised of both current interest bonds, par value \$8,605,000, and capital appreciation bonds par value \$451,936. The interest rates on the current interest bonds range from 1.40% - 3.20%. The last capital appreciation bonds matured on December 1, 2019 (interest rates at 9.64%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. Principal and interest payments are made by the bond retirement fund.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is June 1, 2043.

Principal and interest requirements to retire the bonds outstanding at June 30, 2020, are as follows:

Fiscal Year Ending June 30,	Current Interest Bonds - 2012		
	Principal	Interest	Total
2021	\$ 250,000	\$ 219,461	\$ 469,461
2022	255,000	214,411	469,411
2023	260,000	209,261	469,261
2024	265,000	204,011	469,011
2025	270,000	198,527	468,527
2026 - 2030	1,450,000	896,685	2,346,685
2031 - 2035	1,650,000	684,180	2,334,180
2036 - 2040	1,940,000	397,602	2,337,602
2041 - 2043	1,320,000	70,351	1,390,351
Total	<u>\$ 7,660,000</u>	<u>\$ 3,094,489</u>	<u>\$ 10,754,489</u>

- C. During the fiscal year 2020, the following changes occurred in governmental activities long-term obligations.

	Balance 06/30/19	Additions	Reductions	Balance 06/30/20	Amounts Due in One Year
Governmental activities:					
Series 2013 general obligation bonds					
Current interest	\$ 425,000	\$ -	\$ (140,000)	\$ 285,000	\$ 140,000
Series 2012 general obligation bonds					
Current interest	7,660,000	-	-	7,660,000	250,000
Capital appreciation bonds	128,083	-	(128,083)	-	-
Accreted interest	111,028	10,889	(121,917)	-	-
Copier leases	14,589	114,758	(22,684)	106,663	23,380
Net pension liability	10,788,938	296,968	-	11,085,906	-
Net OPEB liability	1,168,503	-	(53,576)	1,114,927	-
Compensated absences	<u>578,564</u>	<u>138,500</u>	<u>(81,327)</u>	<u>635,737</u>	<u>75,806</u>
Total governmental activities	<u>\$ 20,874,705</u>	<u>\$ 561,115</u>	<u>\$ (547,587)</u>	20,888,233	<u>\$ 489,186</u>
Add: Unamortized premium on bonds				<u>138,572</u>	
Total on statement of net position				<u>\$ 21,026,805</u>	

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Capital Lease Agreements: See Note 9 for details.

Net Pension Liability: See Note 13 for details.

Net OPEB Liability: See Note 14 for details.

Compensated Absences: Compensated absences will be paid from the fund from which the employees' salaries are paid, which is primarily the general fund.

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

The Ohio Revised Code further provides that when a Board of Education declares a resolution that the student population is not adequately served by existing facilities, and that insufficient capacity exists within the 9% limit to finance additional facilities, the State Department of Education may declare that district a "special needs" district. This permits the incurrence of additional debt based upon projected 5-year growth of the school district's assessed valuation. The District was determined to be a "special needs" district by the State Superintendent on March 6, 2012.

NOTE 11 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement for certified employees, payment is made for 25% of unused accumulated sick leave days up to 216 days plus 14% of sick leave days in excess of 216 days. Upon retirement for classified employees, payment is made for 25% of unused accumulated sick leave days up to 180 days plus 13% of sick leave days in excess of 180 days.

B. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees. Certified employees are covered up to \$50,000, classified employees are covered up to \$40,000 and bus drivers are covered up to \$32,000.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - RISK MANAGEMENT

A. Property, Fleet, and Liability Insurance

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

Coverages are as follows:

Building and Contents - replacement cost (\$5,000 deductible)	\$39,758,930
Data Compromise Coverage (\$2,500 deductible per compromise)	50,000
Violent Event Response	300,000
Flood Coverage (\$50,000 deductible)	1,000,000
Employee Dishonesty (\$500 deductible)	50,000
Musical Instruments (\$500 deductible)	64,302
Commercial Computer Coverage (\$500 deductible)	243,800
Commercial Automobile Liability (\$1,000 deductible)	1,000,000
Uninsured Motorists (\$1,000 deductible)	1,000,000
General Liability	3,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. Also, the District has not materially reduced its coverage in the past year.

B. Medical, Dental, Vision and Drug Benefits

The District has contracted with the Trumbull County School Employees Insurance Consortium to provide employee medical, prescription drug, vision and dental benefits. The Trumbull County School Employees Insurance Consortium is a shared risk pool comprised of sixteen Trumbull County school districts. Rates are set through an annual calculation process. Weathersfield Local School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The Board of Directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The following table summarizes the monthly premiums:

	<u>Family Coverage</u>	<u>Single Coverage</u>	<u>Emp.+Spouse Coverage</u>	<u>Emp. + Child(ren) Coverage</u>
Medical/Prescription PPO II	\$1,710	\$611	\$1,282	\$1,038
Medical/Prescription PPO III	1,516	541	1,137	920
Health Saving Plan (HDP/HSA)	1,417	505	1,062	860
Vision	4	1	4	4
Dental	71	20	71	71

For Certified employees, effective July 1, 2019 the District pays 85% of the premium for either PPO II, PPO III, or the High Deductible Plan (HDP/HAS). Effective July 1, 2020 the District pays 82.5% of the premium, and beginning on July 1, 2021 the District will pay 80% of the premium. The plan utilizes a \$5 deductible for generic drugs and a \$10 deductible for brand name drugs.

For Non-Certified employees, effective January 1, 2020, the District pays 85% of the premium for either PPO II, PPO III, or the High Deductible Plan (HDP/HAS). Effective January 1, 2021, the District pays 82.5% of the premium, and beginning on January 1, 2021, the District will pay 80% of the premium.

As of January 1, 2021, all employees will contribute 20% towards their premium amount. As of July 1, 2013, all employees moved to either PPO II or PPO III.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 12 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation

The District uses the firm of Sheakley Uniservice, Inc. to provide administrative support for claims processing, and to assist the District in compliance with Bureau of Workers Compensation and Industrial Commission regulations. The District purchases its workers compensation coverage from the Bureau of Workers Compensation.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

Plan Description - District Employees Retirement System (SERS)

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District's contractually required contribution to SERS was \$202,155 for fiscal year 2020. Of this amount, \$43,598 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

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

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

The District's contractually required contribution to STRS was \$644,459 for fiscal year 2020. Of this amount, \$107,636 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.04149700%	0.03825915%	
Proportion of the net pension liability current measurement date	<u>0.04329360%</u>	<u>0.03841648%</u>	
Change in proportionate share	<u>0.00179660%</u>	<u>0.00015733%</u>	
Proportionate share of the net pension liability	\$ 2,590,332	\$ 8,495,574	\$ 11,085,906
Pension expense	\$ 516,048	\$ 1,163,085	\$ 1,679,133

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 65,685	\$ 69,168	\$ 134,853
Changes of assumptions	-	997,968	997,968
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	106,636	191,362	297,998
Contributions subsequent to the measurement date	<u>202,155</u>	<u>644,459</u>	<u>846,614</u>
Total deferred outflows of resources	<u>\$ 374,476</u>	<u>\$ 1,902,957</u>	<u>\$ 2,277,433</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 36,775	\$ 36,775
Net difference between projected and actual earnings on pension plan investments	33,249	415,216	448,465
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>7,602</u>	<u>118,791</u>	<u>126,393</u>
Total deferred inflows of resources	<u>\$ 40,851</u>	<u>\$ 570,782</u>	<u>\$ 611,633</u>

\$846,614 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	\$ 152,784	\$ 524,975	\$ 677,759
2022	(37,956)	109,039	71,083
2023	(2,213)	3,955	1,742
2024	18,855	49,747	68,602
Total	\$ 131,470	\$ 687,716	\$ 819,186

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:

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

For 2019, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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	<u>100.00 %</u>	

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

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

	Current		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 3,629,981	\$ 2,590,332	\$ 1,718,456

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

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

	July 1, 2019
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

For the July 1, 2019, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 12,415,334	\$ 8,495,574	\$ 5,177,295

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/asset. Resulting adjustments to the net OPEB liability/asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Plan Description - District Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the District's surcharge obligation was \$27,940.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$27,940 for fiscal year 2020. Of this amount, \$27,940 is reported pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2019, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.04211930%	0.03825915%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.04433480%</u>	<u>0.03841648%</u>	
Change in proportionate share	<u>0.00221550%</u>	<u>0.00015733%</u>	
Proportionate share of the net OPEB liability	\$ 1,114,927	\$ -	\$ 1,114,927
Proportionate share of the net OPEB asset	\$ -	\$ (636,269)	\$ (636,269)
OPEB expense	\$ 56,687	\$ (192,392)	\$ (135,705)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 16,367	\$ 57,682	\$ 74,049
Net difference between projected and actual earnings on OPEB plan investments	2,677	-	2,677
Changes of assumptions	81,433	13,374	94,807
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	121,152	53,155	174,307
Contributions subsequent to the measurement date	<u>27,940</u>	<u>-</u>	<u>27,940</u>
Total deferred outflows of resources	<u>\$ 249,569</u>	<u>\$ 124,211</u>	<u>\$ 373,780</u>

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 244,942	\$ 32,372	\$ 277,314
Net difference between projected and actual earnings on OPEB plan investments	-	39,963	39,963
Changes of assumptions	62,478	697,595	760,073
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	3,276	29,545	32,821
Total deferred inflows of resources	<u>\$ 310,696</u>	<u>\$ 799,475</u>	<u>\$ 1,110,171</u>

\$27,940 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2021	\$ (42,265)	\$ (149,475)	\$ (191,740)
2022	(7,896)	(149,475)	(157,371)
2023	(7,113)	(133,460)	(140,573)
2024	(7,240)	(127,847)	(135,087)
2025	(15,047)	(116,985)	(132,032)
Thereafter	(9,506)	1,978	(7,528)
Total	<u>\$ (89,067)</u>	<u>\$ (675,264)</u>	<u>\$ (764,331)</u>

Actuarial Assumptions - SERS

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

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

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will 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.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investments 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:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.375 to 4.75%
Pre-Medicare	7.25 to 4.75%

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

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

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	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	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13%, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.62% was used as of June 30, 2018. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (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	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,353,310	\$ 1,114,927	\$ 925,385
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 893,282	\$ 1,114,927	\$ 1,408,996

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, compared with July 1, 2018, are presented below:

	July 1, 2019		July 1, 2018	
	Initial	Ultimate	Initial	Ultimate
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discounted rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
Medical				
Pre-Medicare	5.87%	4.00%	6.00%	4.00%
Medicare	4.93%	4.00%	5.00%	4.00%
Prescription Drug				
Pre-Medicare	7.73%	4.00%	8.00%	4.00%
Medicare	9.62%	4.00%	-5.23%	4.00%

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

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

Actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2018.

Benefit Term 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% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	District's proportionate share of the net OPEB asset	\$ 542,929	\$ 636,269
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
	District's proportionate share of the net OPEB asset	\$ 721,500	\$ 636,269

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While 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 and disbursements.

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

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 820,479
Net adjustment for revenue accruals	181,170
Net adjustment for expenditure accruals	(109,555)
Net adjustment for other sources/uses	32,336
Funds budgeted elsewhere	235,547
GAAP basis	<u>\$ 1,159,977</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, the emergency levy fund and the public-school support fund.

NOTE 16 - CONTINGENCIES

A. Grants

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

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 16 - CONTINGENCIES - (Continued)

B. Litigation

The District is not involved in material litigation as either plaintiff or defendant.

C. Foundation Funding

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. ODE has finalized the impact of enrollment adjustments to the June 30, 2020 foundation funding for the District. These adjustments were insignificant for the District for fiscal year 2020.

NOTE 17 - SET-ASIDES

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

During fiscal year 2002, the District issued \$9,056,356 in general obligation various purpose refunding bonds. These proceeds may be used to reduce the capital improvements set-aside amount to below zero for future years. The amount presented for prior year offset from bond proceeds is limited to an amount needed to reduce the capital improvement set-aside balance to \$0. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$8,818,381 at June 30, 2020.

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

	<u>Capital Improvements</u>
Current year set-aside requirement	\$ 178,498
Current year offsets	(105,206)
Prior year from bond proceeds	<u>(73,292)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2021	<u>\$ -</u>
Set-aside balance June 30, 2020	<u>\$ -</u>

NOTE 18 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District had no encumbrances.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 19 - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The District's investment portfolio and the investments of the pension and other employee benefit plans are subject to increased market volatility, which could result in a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, 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, and any recovery from emergency funding, either federal or state, cannot be estimated.

NOTE 20 - SUBSEQUENT EVENT

On September 3, 2020, the District issued \$7,205,000 in classroom facilities and school improvement refunding bonds. The bonds bear interest rates ranging from 2.00%-3.00% and have a final maturity date of December 1, 2042. These bonds are being issued for the purpose of refunding a portion of the District's Series 2012 general obligation bonds.

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REQUIRED SUPPLEMENTARY INFORMATION

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.04329360%	0.04149700%	0.03783420%	0.03848980%
District's proportionate share of the net pension liability	\$ 2,590,332	\$ 2,376,610	\$ 2,260,510	\$ 2,817,098
District's covered payroll	\$ 1,496,504	\$ 1,546,022	\$ 1,282,507	\$ 1,212,707
District's proportionate share of the net pension liability as a percentage of its covered payroll	173.09%	153.72%	176.26%	232.30%
Plan fiduciary net position as a percentage of the total pension liability	70.85%	71.36%	69.50%	62.98%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.03876290%	0.04105600%	0.04105600%
\$ 2,211,849	\$ 2,077,821	\$ 2,441,469
\$ 1,166,965	\$ 1,193,016	\$ 1,071,575
189.54%	174.17%	227.84%
69.16%	71.70%	65.52%

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.03841648%	0.03825915%	0.03649973%	0.03746651%
District's proportionate share of the net pension liability	\$ 8,495,574	\$ 8,412,328	\$ 8,670,589	\$ 12,541,170
District's covered payroll	\$ 4,434,900	\$ 4,403,821	\$ 4,129,757	\$ 3,916,143
District's proportionate share of the net pension liability as a percentage of its covered payroll	191.56%	191.02%	209.95%	320.24%
Plan fiduciary net position as a percentage of the total pension liability	77.40%	77.31%	75.30%	66.80%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.03758906%	0.03846439%	0.03846439%
\$ 10,388,517	\$ 9,355,871	\$ 11,144,652
\$ 3,921,786	\$ 3,930,000	\$ 4,098,400
264.89%	238.06%	271.93%
72.10%	74.70%	69.30%

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 202,155	\$ 202,028	\$ 208,713	\$ 179,551
Contributions in relation to the contractually required contribution	<u>(202,155)</u>	<u>(202,028)</u>	<u>(208,713)</u>	<u>(179,551)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,443,964	\$ 1,496,504	\$ 1,546,022	\$ 1,282,507
Contributions as a percentage of covered payroll	14.00%	13.50%	13.50%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 169,779	\$ 153,806	\$ 165,352	\$ 148,306	\$ 139,679	\$ 129,233
<u>(169,779)</u>	<u>(153,806)</u>	<u>(165,352)</u>	<u>(148,306)</u>	<u>(139,679)</u>	<u>(129,233)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,212,707	\$ 1,166,965	\$ 1,193,016	\$ 1,071,575	\$ 1,038,506	\$ 1,028,107
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 644,459	\$ 620,886	\$ 616,535	\$ 578,166
Contributions in relation to the contractually required contribution	<u>(644,459)</u>	<u>(620,886)</u>	<u>(616,535)</u>	<u>(578,166)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,603,279	\$ 4,434,900	\$ 4,403,821	\$ 4,129,757
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 548,260	\$ 549,050	\$ 510,900	\$ 532,792	\$ 545,336	\$ 533,398
<u>(548,260)</u>	<u>(549,050)</u>	<u>(510,900)</u>	<u>(532,792)</u>	<u>(545,336)</u>	<u>(533,398)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,916,143	\$ 3,921,786	\$ 3,930,000	\$ 4,098,400	\$ 4,194,892	\$ 4,103,062
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.04433480%	0.04211930%	0.03846160%	0.03889953%
District's proportionate share of the net OPEB liability	\$ 1,114,927	\$ 1,168,503	\$ 1,032,208	\$ 1,096,298
District's covered payroll	\$ 1,496,504	\$ 1,546,022	\$ 1,282,507	\$ 1,212,707
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	74.50%	75.58%	80.48%	90.40%
Plan fiduciary net position as a percentage of the total OPEB liability	15.57%	13.57%	12.46%	11.49%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/asset	0.03841648%	0.03825915%	0.03649973%	0.03746651%
District's proportionate share of the net OPEB liability/(asset)	\$ (636,269)	\$ (614,785)	\$ 1,424,085	\$ 1,952,015
District's covered payroll	\$ 4,434,900	\$ 4,403,821	\$ 4,129,757	\$ 3,916,143
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.35%	13.96%	34.48%	49.85%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.70%	176.00%	47.10%	37.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 27,940	\$ 35,276	\$ 30,576	\$ 21,280
Contributions in relation to the contractually required contribution	<u>(27,940)</u>	<u>(35,276)</u>	<u>(30,576)</u>	<u>(21,280)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,443,964	\$ 1,496,504	\$ 1,546,022	\$ 1,282,507
Contributions as a percentage of covered payroll	1.93%	2.36%	1.98%	1.66%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 19,230	\$ 29,863	\$ 19,644	\$ 22,324	\$ 21,412	\$ 35,575
<u>(19,230)</u>	<u>(29,863)</u>	<u>(19,644)</u>	<u>(22,324)</u>	<u>(21,412)</u>	<u>(35,575)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,212,707	\$ 1,166,965	\$ 1,193,016	\$ 1,071,575	\$ 1,038,506	\$ 1,028,107
1.59%	2.56%	1.65%	2.08%	2.06%	3.46%

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 4,603,279	\$ 4,434,900	\$ 4,403,821	\$ 4,129,757
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ -	\$ -	\$ 40,184	\$ 40,984	\$ 41,949	\$ 41,031
-	-	(40,184)	(40,984)	(41,949)	(41,031)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,916,143	\$ 3,921,786	\$ 3,930,000	\$ 4,098,400	\$ 4,194,892	\$ 4,103,062
0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

(Continued)

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

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**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education</i>		
Child Nutrition Cluster:		
Non-Cash Assistance:		
National School Lunch Program	10.555	\$27,144
Cash Assistance:		
COVID-19 School Breakfast Program	10.553	41,585
School Breakfast Program	10.553	38,216
COVID-19 National School Lunch Program	10.555	71,186
National School Lunch Program	10.555	110,458
Total Child Nutrition Cluster		<u>288,589</u>
Total U.S. Department of Agriculture		<u>288,589</u>
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education:</i>		
Title I Grants to Local Educational Agencies	84.010	180,885
Title I Grants to Local Educational Agencies	84.010	6,056
Total Title I Grants to Local Educational Agencies		<u>186,941</u>
Special Education Cluster:		
Special Education Grants to States	84.027	226,096
Special Education Grants to States	84.027	34,982
Special Education Grants to States	84.027	12,236
Special Education_Preschool Grants	84.173	9,145
Total Special Education Cluster		<u>282,459</u>
Improving Teacher Quality State Grants	84.367	30,947
Student Support and Academic Enrichment Program	84.424	13,395
Total U.S. Department of Education		<u>513,742</u>
Total Expenditures of Federal Awards		<u>\$802,331</u>

The accompanying notes are an integral part of this schedule.

**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL 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 Weathersfield Local School District (the District's) 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 or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



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

Weathersfield Local School District
Trumbull County
1334 Seaborn St.
Mineral Ridge, Ohio 44440-9535

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 Weathersfield Local School District, Trumbull County, (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated April 19, 2021. We also noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider a significant deficiency. We consider finding 2020-001 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs and/or corrective action plan. We did not subject the 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 District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

April 19, 2021

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

Weathersfield Local School District
Trumbull County
1334 Seaborn St.
Mineral Ridge, Ohio 44440-9535

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Weathersfield Local School District's (the 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 each of Weathersfield Local School District's major federal programs for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The 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 District's compliance for the 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 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 each of the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Basis for Qualified Opinion on Child Nutrition Cluster

As described in finding 2020-003 in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding allowable costs / cost principles applicable to its Child Nutrition Cluster major federal program. Compliance with this requirement is necessary, in our opinion, for the District to comply with requirements applicable to this program.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Child Nutrition Cluster* paragraph, Weathersfield Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Child Nutrition Cluster* for the year ended June 30, 2020.

Unmodified Opinion on the Other Major Federal Program

In our opinion, Weathersfield Local School District complied in all material respects with the requirements referred to above that could directly and materially affect its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which Uniform Guidance requires us to report, described in the accompanying schedule of findings and questioned costs as item 2020-002. Our opinion on *each* major federal program is not modified with respect to this matter.

The District's responses to our noncompliance findings described in the accompanying schedule of findings and questioned costs and / or corrective action plan. We did not subject the District's responses to the auditing procedures applied, in the audit of compliance and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

The 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 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 District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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's compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-002 and 2020-003 to be material weaknesses.

The District's responses to our internal control over compliance findings are described in the accompanying schedule of findings and questioned costs and corrective action plan. We did not subject the District's responses to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

This report only describes the scope of our tests of internal control over compliance 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 19, 2021

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**WEATHERSFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified: Special Education Qualified: Nutrition Cluster Allowable Costs / Cost Principles
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	CFDA #10.553 and 10.555 Nutrition Cluster CFDA #84.027 and 84.173 Special Education
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

1. Budget vs. Appropriations

FINDING NUMBER 2020-001

SIGNIFICANT DEFICIENCY

Sound accounting practices require accurately posting estimated receipts to the ledgers to provide information for budget versus actual comparison and to allow the Board to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Entity and the appropriation ledger provides the process by which the District controls spending, it is therefore necessary the amounts appropriated by the Board are precisely stated and accurately posted to the appropriation ledger.

The District did not have procedures in place to accurately post authorized budgetary measures to the accounting system. Original appropriations were not uploaded accurately into the accounting system. The differences in the appropriations are as follows for the following funds for July 31, 2019:

Fund	Appropriations	Budget	Difference
001	11,500,000	10,832,975	667,025
002	650,000	627,565	22,435
006	345,000	328,992	16,008
016	900,000	290,371	609,629
516	185,703	12,236	173,467

Final Appropriations

Fund	Appropriations	Budget	Difference
001	11,500,000	10,678,486	821,514
002	650,000	630,748	19,252
006	345,000	329,687	15,313
016	900,000	394,983	505,017
516	275,000	237,314	1,686

Failure to accurately post appropriations to the ledgers could result in overspending and negative cash balances.

To effectively control the budgetary cycle and to maintain accountability over expenditures, the District should post to the ledgers, on a timely basis, appropriations as passed by the Board. The District should then monitor budget versus actual reports to help ensure amended appropriations have been properly posted to the ledgers.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. Federal Schedule

Finding Number:	2020-002
CFDA Number and Title:	All Programs
Federal Award Identification Number / Year:	All
Federal Agency:	U.S. Department of Agriculture and U.S. Department of Education
Compliance Requirement:	None
Pass-Through Entity:	Ohio Department of Education
Repeat Finding from Prior Audit?	No

NONCOMPLIANCE AND MATERIAL WEAKNESS

Management acknowledged its responsibility to establish and maintain effective internal controls to reasonable assure compliance with federal statutes, regulations and terms of conditions of federal awards and controls relating to preparing the Schedule of Expenditures of Federal Awards (the Schedule), as required by 2 CFR § 200.303(a), in the audit engagement letter.

Furthermore, 2 CFR Subpart F § 200.510(b) requires the auditee prepare the Schedule for the period covered by the District's financial statements which much include the total federal awards expended as determined in accordance with § 200.502.

At a minimum, the schedule must:

1. List individual Federal programs by Federal agency.
2. For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
3. Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
4. Include the total amount provided to subrecipients from each Federal program.
5. For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period.
6. Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee has elected to use the 10 percent de minimis cost rate as covered in §200.414 Indirect (F&A) costs.

The Schedule provided by the District had the following misstatements:

- Expenditures reported for School Lunch Program and School Breakfast Program did not agree to the District's financial records. Lunch expenditures were understated by \$14,819 and Breakfast expenditures were understated by \$4,867.
- Donated commodities Non-Cash transactions of \$27,143.74 were not reported.
- Federal schedule only included FY20 program expenditures for Title I, Special Education, and Preschool Special Education grants. The District did not include FY19 program expenditures spent during FY20 of \$6,056, \$47,218, and \$3,046, respectively.

In addition to NSLP funding, the District also received Covid-19 Federal Funding. Per 2 CFR 200 Appendix XI and per the Office of Management and Budget Memo dated June 18, 2020, Covid related funding must be identified on a separate line item with a designation identifying them as Covid.

Adjustments, to which management has agreed, are reflected in the accompanying Schedule.

Ineffective internal controls related to federal grants could lead to noncompliance with program requirements. Errors and omissions to the Schedule could have an adverse effect on future grant awards by the awarding agency or agencies in addition to an inaccurate assessment of major federal programs that would be subjected to audit.

District management should review all grant and loan award documents in order to execute policies and procedures which help ensure compliance with grant and loan requirements, including Schedule reporting requirements. The District should implement a system to track all federal expenditures and related information separately from other expenditures and report federal expenditures with proper support including, but not limited to, grant agreements, calculation of the expenditures, and any federal reporting requirements. This will help ensure the District is in compliance with grant and loan requirements, the Schedule is complete and accurate, and major federal programs are accurately identified for audit.

2. Allowability of Compensation Costs

Finding Number:	2020-003
CFDA Number and Title:	CFDA# 10.553/10.555 Nutrition Cluster
Federal Award Identification Number / Year:	2020
Federal Agency:	U.S. Department of Agriculture
Compliance Requirement:	Allowable Costs
Pass-Through Entity:	Ohio Department of Education
Repeat Finding from Prior Audit?	No

NONCOMPLIANCE/MATERIAL WEAKNESS/QUESTIONED COSTS

2 CFR § 400.1 and 2 CFR § 3474.1 give regulatory effect to the U.S. Department of Agriculture and Department of Education for § 200.430, which provides, in part, compensation for personal services includes all remuneration, paid currently or accrued, for services of employees rendered during the period of performance under the Federal award, including but not necessarily limited to wages and salaries. Costs of compensation are allowable to the extent that they satisfy the specific requirements of this part, and that the total compensation for individual employees: (1) Is reasonable for the services rendered and conforms to the established written policy of the non-Federal entity consistently applied to both Federal and non-Federal activities; (2) Follows an appointment made in accordance with a non-Federal entity's laws and/or rules or written policies and meets the requirements of Federal statute, where applicable; and (3) Is determined and supported as provided in paragraph (i) of this section, Standards for Documentation of Personnel Expenses, when applicable.

The District used Nutrition Cluster funds to pay a portion (30%) of an employee's salary for the purpose of this employee processing Nutrition Cluster invoices. Payroll costs of the District employee was allocated based on estimates of time spent by the employee and no supporting documentation was received to indicate allocations were based on actual activities. Therefore, these costs are not considered actual costs.

Failure to obtain adequate documentation to verify that expenses are allocated based on supported actual activities or supported percentages, could result in the District paying the employee an incorrect amount from the Nutrition Cluster funds.

The total allocation to the Nutrition Cluster for this employee including fringe benefits was \$16,884. There was no supporting documentation that indicated the allocation utilized was based on actual activities. While using an estimate may be adequate, the documentation must meet the requirements of 2 CFR 200.405(a).

2 CFR 200 Appendix VII Paragraph D states "All departments or agencies of the governmental unit desiring to claim indirect costs under Federal awards must prepare an indirect cost rate proposal and related documentation to support those costs. The proposal and related documentation must be retained for audit in accordance with the records retention requirements contained in §200.333 Retention Requirements for Records."

The District charges a portion of utility payments to the Food Service Fund. We tested one transaction for water/sewer charges where the District charged 20% of the invoice to the Food Service Fund. Per inquiry, each utility type has a different percentage charged to the Food Service Fund. The District has no documentation on how the percentages charged were determined. Total utility payments charged to the Food Service Fund during the fiscal year were \$15,247.

Failing to have the appropriate controls in place could result in the District paying unallowable expenditures with Nutrition Cluster funds.

The likely questioned costs based on these exceptions is \$32,131.

The District should implement procedures to obtain and review supporting documentation for all allocation percentages utilized to pay employees with Nutrition Cluster funds. The review should ensure allocation percentages used are appropriate, based on supported documentation, and not based on estimates. Documentation of each allocation methodology used should be maintained to support the percentages utilized. Additionally, the District should calculate and document how utility percentages will be allocated to the Food Service fund.

Official's Responses: See Corrective Action Plan.

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WEATHERSFIELD LOCAL SCHOOL DISTRICT

1334 Seaborn St., Mineral Ridge, OH 44440 • 330-652-0287

www.weathersfield.k12.oh.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS JUNE 30, 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Negative Fund Balances	Partially Corrected	Repeated in Management Letter

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CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) JUNE 30, 2020

Finding Number: 2020-001
Planned Corrective Action: As annual appropriations are approved by the Board of Education the actual amounts that are appropriated will be entered into the accounting software as the annual budget amounts.
Anticipated Completion Date: 07/31/2021
Responsible Contact Person: Steve Haynie, Treasurer

Finding Number: 2020-002
Planned Corrective Action: Separate tracking of all federal grant expenditures will be kept on an excel spreadsheet. All Donated Commodities will be included on the Federal Assistance Details Report. Amounts from prior year grants will be included in the following year's expenditures.
Anticipated Completion Date: 07/31/2021
Responsible Contact Person: Steve Haynie, Treasurer

Finding Number: 2020-003
Planned Corrective Action: The District will establish a quantifiable method of charging both a portion of the clerk's salary and utility expenditures to the Nutrition Cluster fund. The salary will be percentage based on expenditures and utilities will be square footage based.
Anticipated Completion Date: 07/31/2021
Responsible Contact Person: Steve Haynie, Treasurer

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OHIO AUDITOR OF STATE KEITH FABER



WEATHERSFIELD LOCAL SCHOOL DISTRICT

TRUMBULL 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 6/8/2021

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
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