



# EAST LIVERPOOL CITY SCHOOL DISTRICT COLUMBIANA COUNTY JUNE 30, 2021

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#### INDEPENDENT AUDITOR'S REPORT

East Liverpool Local School District Columbiana County 810 West 8<sup>th</sup> Street East Liverpool, Ohio 43920

To the Board of Education:

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

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

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

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### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows 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 17 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 this matter.

#### Other Matters

### Required Supplementary Information

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

#### Supplementary and Other Information

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

The Schedule of Receipts and 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 derive from and relate 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.

East Liverpool Local School District Columbiana County Independent Auditor's Report Page 3

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2022, 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 21, 2022

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

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

### **Financial Highlights**

Key financial highlights for fiscal year 2021 are as follows:

- In total, net position of governmental activities decreased \$204,115 which represents a 1.00% decrease from June 30, 2020's net position.
- General revenues accounted for \$25,361,686 in revenue or 70.55% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for \$10,586,203 or 29.45% of total revenues of \$35,947,889.
- The District had \$36,152,004 in expenses related to governmental activities; \$10,586,203 of these expenses were offset by program specific charges for services and operating grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were not adequate to provide for these programs.
- The District's only major fund was the general fund. The general fund had \$28,629,186 in revenues and \$27,903,574 in expenditures and other financing uses. The general fund's fund balance increased \$725,612 from a balance of \$2,664,356 to \$3,389,968.

### **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. The District's only major fund is the general fund.

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

### Reporting the District as a Whole

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

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

These two statements report the District's *net position* and changes in that net 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 facilities, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net position and statement of activities can be found on pages 17-18 of this report.

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

#### Fund Financial Statements

The analysis of the District's major governmental funds begins on page 13. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental fund is the general fund.

#### 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. The basic governmental fund financial statements can be found on pages 19-23 of this report.

## **Proprietary Funds**

The District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund accounts for employee benefits self-insurance. The basic proprietary fund financial statements can be found on pages 24-26 of this report.

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

#### Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-64 of this report.

## Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset. The required supplementary information can be found on pages 66-81 of this report.

### The District as a Whole

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

#### **Net Position**

Accets	Governmental Activities 2021	Governmental Activities 2020		
Assets Current and other assets	\$ 19,471,104	\$ 17,402,476		
Net OPEB asset	1,734,781	1,650,096		
Capital assets, net	40,395,816	41,959,884		
Total assets	61,601,701	61,012,456		
<b>Deferred Outflows of Resources</b>				
Pension	5,390,197	5,442,166		
OPEB	777,848	573,791		
Total deferred outflows of resources	6,168,045	6,015,957		
<u>Liabilities</u>				
Current liabilities	4,448,790	4,167,858		
Long-term liabilities:				
Due within one year	495,236	693,006		
Due in more than one year:				
Net pension liability	30,270,813	27,893,488		
Net OPEB liability	2,186,191	2,525,493		
Other amounts	2,161,978	2,410,489		
Total liabilities	39,563,008	37,690,334		
<b>Deferred Inflows of Resources</b>				
Property taxes levied for next year	4,081,135	4,124,062		
Pension	532,700	1,864,695		
OPEB	3,318,296	2,870,600		
Total deferred inflows of resources	7,932,131	8,859,357		
Net Position				
Net investment in capital assets	38,993,757	39,983,840		
Restricted	4,350,062	3,794,424		
Unrestricted (deficit)	(23,069,212)	(23,299,542)		
Total net position	\$ 20,274,607	\$ 20,478,722		

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

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/asset. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$20,274,607.

Deferred inflows 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.

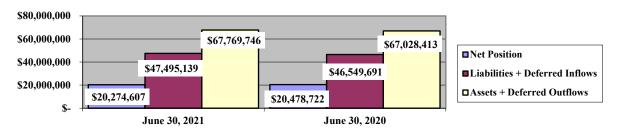
At year-end, capital assets represented 65.58% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and fixtures and vehicles. Net investment in capital assets at June 30, 2021, was \$38,993,757. These capital assets are used to provide services to the 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.

Long-term liabilities increased primarily due to a increase in the net pension liability. The net pension liability is outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it is the pension systems that collect, hold and distribute pensions and OPEB to District employees, not the District.

A portion of the District's net position, \$4,350,062, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is (\$23,069,212).

The graph below shows the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2021 and June 30, 2020.

#### **Governmental Activities**



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

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

## **Change in Net Position**

	Governmental Activities 2021	Governmental Activities 2020
Revenues		
Program revenues:		
Charges for services and sales	\$ 1,379,134	\$ 1,144,357
Operating grants and contributions	9,136,391	6,695,949
Capital grants and contributions	70,678	-
General revenues:		
Property taxes	4,639,739	4,427,723
Grants and entitlements - unrestricted	20,116,796	20,088,160
Investment earnings	52,097	197,817
Other	553,054	157,385
Total revenues	35,947,889	32,711,391
Expenses		
Program expenses:		
Instruction:		
Regular	14,254,723	13,932,150
Special	4,300,587	4,583,380
Vocational	1,414,763	1,365,694
Adult/continuing	-	208
Other	3,652,725	3,024,840
Support services:		4 (=2 0.40
Pupil	2,269,294	1,673,040
Instructional staff	802,899	1,288,425
Board of education	49,353	132,268
Administration	1,575,296	1,696,054
Fiscal	679,358	642,329
Operations and maintenance	3,527,448	3,424,928
Pupil transportation	1,344,496	1,245,785
Central	73,759	64,044
Operations of non-instructional services:	1.257.700	1 400 205
Food service operations	1,256,699	1,499,205
Other non-instructional services Extracurricular activities	304,328 562,171	221,150
Interest and fiscal charges	563,171	545,777 65.214
interest and fiscal charges	83,105	65,214
Total expenses	36,152,004	35,404,491
Change in net position	(204,115)	(2,693,100)
Net position at beginning of year	20,478,722	23,171,822
Net position at end of year	\$ 20,274,607	\$ 20,478,722

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

#### **Governmental Activities**

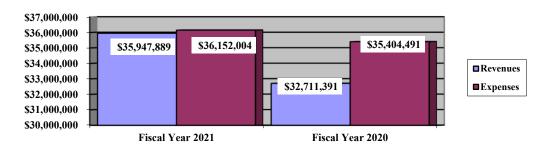
Net position of the District's governmental activities decreased \$204,115. Total governmental expenses of \$36,152,004 were offset by program revenues of \$10,586,203 and general revenues of \$25,361,686. Program revenues supported 29.28% of the total governmental expenses.

Overall, expenses of the governmental activities increased \$747,513 or 2.11%. This increase is primarily the result of increases in wages and benefits.

The primary sources of revenue for governmental activities are derived from property taxes, operating grants and contributions, and unrestricted grants and entitlements from the State. These revenue sources account for 94.28% of total governmental revenue. The most significant increases were in the areas of operating grants and contributions and other. Operating grants and contributions increased as a result of the District receiving Elementary and Secondary School Emergency Relief (ESSER) monies. Other increased due to Bureau of Workers' Compensation (BWC) dividends.

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

#### **Governmental Activities - Revenues and Expenses**



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

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. 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.

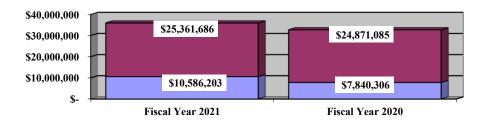
#### **Governmental Activities**

	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020	
Program expenses					
Instruction:					
Regular	\$ 14,254,723	\$ 11,833,387	\$ 13,932,150	\$ 12,783,050	
Special	4,300,587	166,338	4,583,380	2,120,970	
Vocational	1,414,763	1,080,264	1,365,694	1,015,249	
Adult/continuing	-	-	208	(379)	
Other	3,652,725	3,618,881	3,024,840	2,300,591	
Support services:					
Pupil	2,269,294	1,003,513	1,673,040	1,153,344	
Instructional staff	802,899	659,675	1,288,425	996,548	
Board of education	49,353	49,353	132,268	132,268	
Administration	1,575,296	1,429,314	1,696,054	1,538,794	
Fiscal	679,358	677,691	642,329	642,329	
Operations and maintenance	3,527,448	3,160,398	3,424,928	3,403,958	
Pupil transportation	1,344,496	1,137,176	1,245,785	1,110,132	
Central	73,759	39,706	64,044	55,044	
Operations of non-instructional services:					
Food service operations	1,256,699	153,365	1,499,205	(111,166)	
Other non-instructional services	304,328	87,710	221,150	(12,415)	
Extracurricular activities	563,171	385,925	545,777	370,654	
Interest and fiscal charges	83,105	83,105	65,214	65,214	
Total	\$ 36,152,004	\$ 25,565,801	\$ 35,404,491	\$ 27,564,185	

The dependence upon tax and other general revenues for governmental activities is apparent as 70.69% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 70.72%. The District's taxpayers and unrestricted grants and entitlements are the primary support for District's students.

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

## Governmental Activities - General and Program Revenues



■General Revenues
■Program Revenues

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

#### The District's Funds

The District's governmental funds reported a combined fund balance of \$7,031,407, which is higher than last year's total of \$5,942,217. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2021 and 2020.

	Fund Balance June 30, 2021	Fund Balance June 30, 2020	Change	Percentage Change	
General fund Other governmental funds	\$ 3,389,968 3,641,439	\$ 2,664,356 3,277,861	\$ 725,612 363,578	27.23 % 11.09 %	
Total	\$ 7,031,407	\$ 5,942,217	\$ 1,089,190	18.33 %	

#### General Fund

During fiscal year 2021, the District's general fund balance increased \$725,612.

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

	2021 Amount	2020 Amount	Change	Percentage <u>Change</u>	
Revenues			<del></del>	<del></del>	
Property taxes	\$ 4,601,339	\$ 4,342,631	\$ 258,708	5.96 %	
Tuition	1,048,041	1,061,216	(13,175)	(1.24) %	
Earnings on investments	29,325	118,549	(89,224)	(75.26) %	
Intergovernmental	22,380,814	22,341,473	39,341	0.18 %	
Other revenues	569,667	313,951	255,716	81.45 %	
Total	\$ 28,629,186	\$ 28,177,820	<u>\$ 451,366</u>	1.60 %	
<b>Expenditures</b>					
Instruction	\$ 18,847,444	\$ 18,955,423	\$ (107,979)	(0.57) %	
Support services	7,956,996	8,521,996	(565,000)	(6.63) %	
Non-instructional services	24,899	3,806	21,093	554.20 %	
Extracurricular activities	338,017	326,619	11,398	3.49 %	
Facilities acquisition					
and construction	60,189	-	60,189	- %	
Capital outlay	-	496,020	(496,020)	(100.00) %	
Debt service	660,242	628,207	32,035	5.10 %	
Total	\$ 27,887,787	\$ 28,932,071	\$ (1,044,284)	(3.61) %	

Revenues of the general fund increased \$451,366 or 1.60%. The most significant increases were in the areas of property taxes and other revenues. Property taxes increased due to an increase in assessed valuation. Other revenues increased primarily as result of the District receiving a BWC dividend payment during the fiscal year.

Expenditures decreased \$1,044,284 or 3.61%. The largest decreases were in the areas of support services and capital outlay. Support services decreased due to the District paying wages and benefits from other funds. Capital outlay decreased due to a capital lease occurring in fiscal year 2020.

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

### General Fund Budgeting Highlights

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

During the course of fiscal year 2021, the District amended its general fund estimated revenue budget several times. For the general fund, original budgeted revenues and other financing sources of \$28,379,908 were decreased in the final budgeted revenues and other financing sources to \$27,298,934. Actual revenue and other financing sources of \$28,608,904 were \$1,309,970 more than the final budgeted amounts.

General fund actual expenditures plus other financing uses of \$28,130,860 were \$1,666,170 lower than final appropriations (appropriated expenditures plus other financing uses) of \$29,797,030. Original appropriations were \$29,070,247.

### **Capital Assets and Debt Administration**

### Capital Assets

At the end of fiscal year 2021, the District had \$40,395,816 invested in land, land improvements, buildings and improvements, furniture and fixtures and vehicles. This entire amount is reported in governmental activities. The table that follows shows June 30, 2021 balances compared to June 30, 2020.

# Capital Assets at June 30 (Net of Depreciation)

	Governmental Activities				
	<u>2021</u>	<u>2020</u>			
Land	\$ 46,2	225 \$46,225			
Land improvements	605,0	743,695			
Buildings and improvements	37,907,5	39,293,924			
Furniture and fixtures	804,6	518 912,997			
Vehicles	1,032,3	963,043			
Total	\$ 40,395,8	<u>\$41,959,884</u>			

Capital assets decreased \$1,564,068. The District had additions of \$269,068 and depreciation of \$1,833,136 during fiscal year 2021.

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

### **Debt Administration**

At June 30, 2021 the District had \$1,402,059 in capital leases outstanding. Of this total, \$383,216 is due within one year and \$1,018,843 is due in more than one year.

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

The table below summarizes the long-term obligations outstanding.

### Outstanding Debt, at Year End

	Governmental Activities 2021	Governmental Activities 2020		
Capital leases	\$ 1,402,059	\$ 1,976,044		
Total	\$ 1,402,059	\$ 1,976,044		

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

#### **Current Issues**

The District is financially responsible for educating approximately 2,355 students, grades PK-12. During fiscal year 2020-2021, 2,231 of those students were educated at the District's five schools housed in four physical plants compared with 2,233 students in the prior fiscal year, a decrease of 2 students or about 0.1%. The rest were educated either by other school districts in the State, mostly through open enrollment, or at community schools in accordance with State law. The enrollment pattern in recent years has been mixed, albeit relatively stable.

Academic improvement is a critical issue for the District. In order to improve its academic standing, the District is actively involved in the Ohio Improvement Process. The sub-divisions of the Ohio Improvement Process consist of a District Leadership Team (DLT) with personnel from Board Members, Teaching Staff and Administration who meet quarterly; a Building Leadership Team (BLT) consisting of Build Administration and Building Staff who meet monthly; and Teacher Based Teams (TBT) who also meet monthly.

East Liverpool is located in southeastern Columbiana County and is one of the major cities in what the U.S. Census Bureau defines as the East Liverpool-Salem Micropolitan Area. The District comprises approximately 14 square miles located in the City of East Liverpool, Liverpool Township and all small portion of St. Clair Township. Columbiana County is one of 22 designated in Ohio's Appalachian region by the federal government. This is indicative of the region's socio-economic challenges. Public and nonprofit employers, including the District and East Liverpool City Hospital, are the major employers within the District.

The District provides free breakfast and lunch to 100% of its students due to being part of the Community Eligibility Program with the State. Due to the socio-economic status within the District, all buildings are qualified for this program to provide free breakfast and lunch.

Socio-economic issues in the community cause the District to confront several educational issues. Approximately 25% of East Liverpool students qualify for special education services. This compares to an average of 14.8% for Ohio's school age population. The District also commits substantial resources to pre-school, after-school programs, summer programs, and other efforts to help students succeed academically.

In terms of school funding, the District is heavily dependent on State financial support. Approximately 80% of the funds for day-to-day school operations are provided by the State of Ohio. This funding is subject to the biennial appropriation of the Ohio General Assembly.

The District currently has strong reserves to withstand any possible financial difficulties. As of June 30, 2021, cash reserves were approximately \$2 million. This reserve amounts to a 60-day cushion in operating cash reserves. The current Five-Year Financial Forecast projects stable cash reserves for the coming school year but declining reserves for the balance of the forecast period. The Board of Education and administration are working together to chart the best future courses of action to address long-term financial challenges.

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

The District currently operates five school units: LaCroft Elementary (grades K-4), North Elementary (grades K-4), Westgate Elementary (grades PK, 5-6), East Liverpool Junior High School (grades 7-8) and East Liverpool High School (grades 9-12).

Seeking to address socio-economic issues at an early age, the School District has expanded preschool programs, which operate from the Westgate facility.

The District's physical capital assets, including property physical plant and equipment total approximately \$74.8 million before adjustments for depreciation.

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

This financial report is designed to provide our citizens, taxpayers, 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. Anson Wiegand, Treasurer, East Liverpool City School District, 810 West Eighth Street, East Liverpool, Ohio, 43920 or telephone (330) 385-7132.

# STATEMENT OF NET POSITION JUNE 30, 2021

	Governmental Activities
Assets:	¢ 0.526.941
Equity in pooled cash and cash equivalents	\$ 9,536,841
Cash and cash equivalents with fiscal agent	2,987,814
Cash in segregated accounts Receivables:	14,092
	5 140 452
Property taxes	5,149,452
Accrued interest	1 712 050
Intergovernmental	1,712,050
Prepayments	28,215
Inventory held for resale Net OPEB asset	41,808
	1,734,781
Capital assets:	46 225
Nondepreciable capital assets	46,225
Depreciable capital assets, net	40,349,591
Capital assets, net	40,395,816
Total assets	61,601,701
Deferred outflows of resources: Pension	5 200 107
OPEB	5,390,197
Total deferred outflows of resources	777,848 6,168,045
	0,100,013
Liabilities:	142 775
Accounts payable	143,775
Accrued wages and benefits payable	2,484,647
Compensated absences payable	34,123
Intergovernmental payable	526,310
Pension and post employment benefits payable	398,180
Accrued interest payable	7,273
Claims payable	677,086
Accrued vacation leave payable	177,396
Long-term liabilities:	107.004
Due within one year	495,236
Due in more than one year:	20.250.012
Net pension liability	30,270,813
Net OPEB liability	2,186,191
Other amounts due in more than one year	2,161,978
Total liabilities	39,563,008
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	4,081,135
Pension	532,700
OPEB	3,318,296
Total deferred inflows of resources	7,932,131
Net position:	20.002.555
Net investment in capital assets	38,993,757
Restricted for:	10 == 2
Capital projects	13,756
Classroom facilities maintenance	1,580,630
State funded programs	880,802
Federally funded programs	427,150
Food service operations	1,260,196
Student activities	88,736
Other purposes	98,792
Unrestricted (deficit)	(23,069,212)
Total net position	\$ 20,274,607

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

		FOR THE	FISCAL	L YEAR ENDE		eam Revenues			R	et (Expense) Revenue and Changes in Net Position
				narges for	Oper	ating Grants		ital Grants	G	overnmental
		Expenses	Servi	ces and Sales	and (	<b>Contributions</b>	and C	Contributions		Activities
Governmental activities:										
Instruction:	ф	14054500	Φ.	010.655	Ф	1 602 661	Ф		ф	(11 022 205)
Regular	\$	14,254,723	\$	818,675	\$	1,602,661	\$	-	\$	(11,833,387)
Special		4,300,587		430,720		3,703,529		-		(166,338)
Vocational		1,414,763		-		334,499		-		(1,080,264)
Other		3,652,725		-		33,844		-		(3,618,881)
Support services:										
Pupil		2,269,294		-		1,265,781		-		(1,003,513)
Instructional staff		802,899		-		143,224		-		(659,675)
Board of education		49,353		-		-		-		(49,353)
Administration		1,575,296		8,475		137,507		-		(1,429,314)
Fiscal		679,358				1,667		-		(677,691)
Operations and maintenance		3,527,448		6,486		360,564		<del>-</del>		(3,160,398)
Pupil transportation		1,344,496		-		136,642		70,678		(1,137,176)
Central		73,759		=		34,053		-		(39,706)
Operation of non-instructional services:										
Food service operations		1,256,699		39,082		1,064,252		-		(153,365)
Other non-instructional services		304,328		-		216,618		-		(87,710)
Extracurricular activities		563,171		75,696		101,550		-		(385,925)
Interest and fiscal charges		83,105	-	-						(83,105)
Totals	\$	36,152,004	\$	1,379,134	\$	9,136,391	\$	70,678		(25,565,801)
					Prop	eral revenues: erty taxes levie	ed for			4,567,454
					Cla	assroom facilities and entitlem	ies main			72,285
						pecific program		restricted		20,116,796
						stment earning				52,097
						ellaneous	3			553,054
						l general reven	1100			25,361,686
					Char	nge in net posit	ion			(204,115)
					Net	position at beg	ginning	of year		20,478,722
					Net	position at end	l of year	r	\$	20,274,607

### BALANCE SHEET GOVERNMENTAL FUNDS JUNE 30, 2021

	General		Nonmajor Governmental Funds		Total Governmental Funds	
Assets:				-		
Equity in pooled cash						
and cash equivalents	\$	5,486,011	\$	4,050,830	\$	9,536,841
Cash in segregated accounts		14,092		, , , <u>-</u>		14,092
Receivables:		Ź				,
Property taxes		5,064,350		85,102		5,149,452
Accrued interest		832				832
Intergovernmental		289,612		1,422,438		1,712,050
Prepayments		28,215		1, .22, .50		28,215
Inventory held for resale		20,213		41,808		41,808
Due from other funds		758,759				758,759
Total assets	•	11,641,871	\$	5,600,178	\$	17,242,049
Total assets	Φ	11,041,671	Φ	3,000,178	J	17,242,049
Liabilities:						
Accounts payable	\$	62,516	\$	81,259	\$	143,775
Accrued wages and benefits payable		2,177,703		306,944		2,484,647
Compensated absences payable		34,123		=		34,123
Intergovernmental payable		515,646		10,664		526,310
Pension and postemployment benefits payable		333,427		64,753		398,180
Due to other funds		_		758,759		758,759
Total liabilities		3,123,415		1,222,379		4,345,794
Deferred inflows of resources:						
Property taxes levied for the next fiscal year		4,012,768		68,367		4,081,135
Delinquent property tax revenue not available		825,774		13,102		838,876
Intergovernmental revenue not available		289,114		654,891		944,005
Accrued interest not available		832				832
Total deferred inflows of resources		5,128,488		736,360		5,864,848
Fund balances:						
Nonspendable:						
Prepaids		28,215		_		28,215
Unclaimed monies		56,327		_		56,327
Restricted:		Ź				,
Capital projects		_		13,756		13,756
Classroom facilities maintenance		_		1,567,528		1,567,528
Food service operations		_		1,275,893		1,275,893
Non-public schools		_		27,748		27,748
Public school preschool		_		18,973		18,973
State funded programs		_		757,054		757,054
Federally funded programs		_		28,340		28,340
Extracurricular programs		_		88,736		88,736
Other purposes		_		42,465		42,465
Assigned:				12,103		12,103
Student instruction		34,989				34,989
Student instruction Student and staff support		162,031		-		162,031
		7,595		-		
Facilities acquisition and construction				(170.054)		7,595
Unassigned (deficit)		3,100,811		(179,054)		2,921,757
Total fund balances		3,389,968		3,641,439		7,031,407
Total liabilities, deferred inflows and fund balances	s <u>\$</u>	11,641,871	\$	5,600,178	\$	17,242,049

# RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES ${\tt JUNE~30,2021}$

Total governmental fund balances		\$ 7,031,407
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		40,395,816
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds Property taxes receivable  Accrued interest receivable  Intergovernmental receivable  Total	\$ 838,876 832 944,005	1,783,713
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		2,310,728
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds		(7,273)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds Deferred outflows - pension Deferred inflows - pension Net pension liability Deferred outflows - OPEB Deferred inflows - OPEB Net OPEB asset Net OPEB liability Total	5,390,197 (532,700) (30,270,813) 777,848 (3,318,296) 1,734,781 (2,186,191)	(28,405,174)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.  Capital lease obligations  Vacation payable  Compensated absences  Total	(1,402,059) (177,396) (1,255,155)	 (2,834,610)
Net position of governmental activities		\$ 20,274,607

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

	General	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:			
Property taxes	\$ 4,601,339	\$ 72,826	\$ 4,674,165
Intergovernmental	22,380,814	6,732,752	29,113,566
Investment earnings	29,325	1,676	31,001
Tuition and fees	1,048,041	-	1,048,041
Extracurricular	8,475	75,696	84,171
Rental income	6,463	-	6,463
Charges for services	-	39,105	39,105
Contributions and donations	1,675	19,079	20,754
Miscellaneous	553,054	21,435	574,489
Total revenues	28,629,186	6,962,569	35,591,755
Expenditures: Current: Instruction:			
Regular	11,252,656	1,472,551	12,725,207
Special	3,960,523	244,872	4,205,395
Vocational	1,337,540	22,699	1,360,239
Other	2,296,725	1,315,875	3,612,600
Support services:	2,2,0,723	1,515,675	3,012,000
Pupil	1,308,273	897,807	2,206,080
Instructional staff	600,281	181,363	781,644
Board of education	48,735	-	48,735
Administration	1,433,457	125,977	1,559,434
Fiscal	665,384	3,486	668,870
Operations and maintenance	2,698,709	502,494	3,201,203
Pupil transportation	1,137,398	72,509	1,209,907
Central	64,759	9,000	73,759
Operation of non-instructional services	01,737	2,000	75,757
Food service operations	_	1,211,033	1,211,033
Other non-instructional services	24,899	279,374	304,273
Extracurricular activities	338,017	195,215	533,232
Facilities acquisition and construction	60,189	80,523	140,712
Debt service:	00,109	60,323	140,712
Principal retirement	573,985	_	573,985
Interest and fiscal charges	86,257	_	86,257
Total expenditures	27,887,787	6,614,778	34,502,565
Excess of revenues over expenditures	741,399	347,791	1,089,190
Other financing sources (uses).			
Other financing sources (uses): Transfers in		15,787	15,787
Transfers (out)	(15 797)	13,/6/	,
· /	(15,787)	15,787	(15,787)
Total other financing sources (uses)	(15,787)	13,/8/	
Net change in fund balances	725,612	363,578	1,089,190
Fund balances at beginning of year	2,664,356 \$ 3,389,968	3,277,861 \$ 3,641,439	\$ 7,031,407
Fund balances at end of year	\$ 3,389,968		

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

Net change in fund balances - total governmental funds		\$ 1,089	9,190
Amounts reported for governmental activities in the statement of activities are different because:			
Governmental funds report capital outlays as expenditures.  However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.  Capital asset additions  Current year depreciation  Total	\$ 269,068 (1,833,136)		4,068)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.  Property taxes Tuition Earnings on investments Intergovernmental Total	(34,426) 201,354 (1,303) 187,506	, , , , , , , , , , , , , , , , , , ,	3,131
		33.	3,131
Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		57.	3,985
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:  Change in accrued interest payable  Total			3,152
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.  Pension  OPEB  Total	2,210,280 67,139	- 2,27	7,419
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.  Pension OPEB Total	(3,307,579) 113,209	_	4,370)
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.  Compensated abscences Vacation payable Total	(127,704) (83,641)	, , , , , , , , , , , , , , , , , , ,	1,345)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal		, ,	. ,
service fund is allocated among the governmental activities		469	8,791
Change in net position of governmental activities		\$ (20-	4,115)

# STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) GENERAL FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgete	d Amounts		Variance with Final Budget Positive	
	Original	Final	Actual	(Negative)	
Revenues: Property taxes Intergovernmental Investment earnings Tuition and fees Rental income Contributions and donations Miscellaneous	\$ 4,174,443 22,665,117 156,399 1,168,984 10,800 1,300 81,181	\$ 4,324,235 21,358,111 34,689 1,003,209 11,878 1,239 184,758	\$ 4,537,395 22,410,945 30,344 1,049,852 6,463 1,000 192,900	\$ 213,160 1,052,834 (4,345) 46,643 (5,415) (239) 8,142	
Total revenues	28,258,224	26,918,119	28,228,899	1,310,780	
Expenditures: Current: Instruction: Regular Special	9,099,103 4,283,486	11,678,788 4,118,284	11,336,231 3,978,727	342,557 139,557	
Vocational Other	1,355,420 2,649,646	1,373,871 2,312,743	1,318,599 2,296,725	55,272 16,018	
Support services:	2,049,040	2,312,743	2,290,723	10,018	
Pupil Instructional staff	1,650,877 1,099,633	1,527,542 709,487	1,348,070 609,691	179,472 99,796	
Board of education	158,470	121,491	55,962	65,529	
Administration	1,767,701	1,469,570	1,407,024	62,546	
Fiscal Operations and maintenance	761,088 3,544,713	738,041 3,016,028	673,798 2,840,607	64,243	
1	1,567,342	1,511,339	2,840,607 1,315,581	175,421 195,758	
Pupil transportation Central	81,603	66,054	64,759	1,295	
Operation of non-instructional services	81,003	00,034	04,739	1,293	
Other non-instructional services	3,536	27,324	24,899	2,425	
Extracurricular activities	390,760	364,853	337,462	27,391	
Facilities acquisition and construction Debt service:	76,639	245,385	67,784	177,601	
Principal	373,000	373,000	373,000	-	
Interest and fiscal charges	66,623	66,623	66,623	- 1 (04.001	
Total expenditures	28,929,640	29,720,423	28,115,542	1,604,881	
Excess (deficiency) of revenues over (under) expenditures	(671,416)	(2,802,304)	113,357	2,915,661	
Other financing sources (uses):					
Refund of prior year's expenditures	111,874	375,005	375,005	_	
Transfers (out)	(140,607)		(15,318)	61,289	
Sale of capital assets	9,810	5,810	5,000	(810)	
Total other financing sources (uses)	(18,923)		364,687	60,479	
Net change in fund balance	(690,339)	(2,498,096)	478,044	2,976,140	
Fund balance at beginning of year	3,916,738	3,916,738	3,916,738	-	
Prior year encumbrances appropriated	1,515,474	1,515,474	1,515,474	-	
Fund balance at end of year	\$ 4,741,873	\$ 2,934,116	\$ 5,910,256	\$ 2,976,140	

### STATEMENT OF NET POSITION PROPRIETARY FUND JUNE 30, 2021

	Governmental Activities - Internal Service Fund		
Assets:			
Current assets:			
Cash and cash equivalents with fiscal agent	\$	2,987,814	
Total current assets		2,987,814	
Liabilities: Current liabilities: Claims payable Total current liabilities		677,086 677,086	
Net position:			
Unrestricted		2,310,728	
Total net position	\$	2,310,728	

# STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Governmental Activities - Internal		
	Service Fund		
Operating revenues:			
Charges for services	\$	5,884,123	
Other		236,712	
Total operating revenues		6,120,835	
Operating expenses:			
Purchased services		1,447,980	
Claims		4,228,139	
Total operating expenses		5,676,119	
Operating income		444,716	
Nonoperating revenues:			
Interest revenue		24,075	
Total nonoperating revenues (expenses)		24,075	
Change in net position		468,791	
Net position at beginning of year		1,841,937	
Net position at end of year	\$	2,310,728	

### STATEMENT OF CASH FLOWS PROPRIETARY FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Governmental Activities - Internal Service Fund		
Cash flows from operating activities:			
Cash received from charges for services	\$	5,884,123	
Cash received from other operations		236,712	
Cash payments for contracutal services		(1,447,980)	
Cash payments for claims		(4,186,340)	
Net cash provided by operating activities		486,515	
Cash flows from investing activities:			
Interest received		24,075	
Net cash provided by investing activities		24,075	
Net change in cash and cash cash equivalents		510,590	
Cash and cash equivalents at beginning of year		2,477,224	
Cash and cash equivalents at end of year	\$	2,987,814	
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$	444,716	
Changes in assets and liabilities: Claims payable		41,799	
Net cash provided by operating activities	\$	486,515	

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

#### NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

East Liverpool City School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio.

The District operates under a locally-elected five member Board and provides educational services as mandated by State and Federal agencies. The District currently operates five instructional buildings, one administrative office and one bus garage.

The District was established in 1864 through the consolidation of existing land areas and Districts. The District serves an area of approximately 14 square miles. It is located in Columbiana County and includes all of the City of East Liverpool, all of Liverpool Township and a portion of Saint Clair Township.

#### 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 entity for establishing governmental accounting and financial reporting principles.

The District's significant accounting policies are described below.

#### A. Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For East Liverpool City School District, this includes the agencies and departments that provide the following services: general operations, food service, preschool, childcare 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. The District has no component units.

The following activities are included within the reporting entity:

#### Non-Public Schools

Within the District boundaries, American Spirit Academy is operated through the Ohio Department of Education. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial schools. These transactions are reported in a special revenue fund and as a governmental activity of the District.

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Area Cooperative Computerized Education Service System (ACCESS)

Area Cooperative Computerized Education Service System (ACCESS) is a computer network which provides data services to twenty-six school districts in Columbiana and Mahoning County, two educational service centers, twenty non-public schools and two Special Education Regional Resource Centers. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of ACCESS including budgeting, appropriating, contracting and designating management. All of ACCESS revenues are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer at 439 Bev Road, Building #1 Youngstown, Ohio 44512. During the year ended June 30, 2021, the District paid \$77,359 for basic service charges to ACCESS.

The District also participates in a claims servicing pool, the Jefferson Health Plan, which is presented in Note 20.

#### B. Fund Accounting

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

#### 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 deferred outflows and liabilities and deferred inflows is reported as fund balance.

The following is the District's only major governmental fund:

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

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by trust funds; (b) for food service operations and (c) for grants and other resources of the District to which the District is bound to observe constraints imposed upon the use of the resources.

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

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

#### PROPRIETARY FUND

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. These funds use economic resources. The District has the following proprietary fund type:

<u>Internal Service Fund</u> - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's only internal service fund accounts for a self-insurance program for employee healthcare and prescription drug benefits.

#### 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 has no fiduciary funds.

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

<u>Government-wide Financial Statements</u> - 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. The activity of the internal service fund is also eliminated to avoid "doubling up" revenues and expenses.

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 and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

<u>Fund Financial Statements</u> - 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.

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

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

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

#### D. Basis of Accounting

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

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

<u>Deferred Outflows/Inflows of Resources</u> - In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. 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 to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue may include delinquent property taxes, intergovernmental grants, accrued interest, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

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

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

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

### E. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

<u>Tax Budget</u>: Prior to January 15, the Superintendent and the 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 express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Columbiana County Budget Commission for rate determination.

<u>Estimated Resources</u>: 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. On or before 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 the basis for the appropriation measure. On or before July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the original and final amended certificates of estimated resources issued during fiscal year 2021.

Appropriations: Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level, which is the legal level of budgetary control. 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. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, 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 at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent certificate of estimated resources. Supplemental appropriations were legally enacted during fiscal year 2021.

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

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

The budget figures which appear in the statement of budgetary comparisons represent the original and final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.

<u>Lapsing of Appropriations</u>: At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

#### F. Cash and Investments

To improve cash management, cash received by the District is pooled in various bank accounts. Monies for all funds, including proprietary 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. A portion of cash and cash equivalents is held in an Employee Flex account and is recorded as "cash in segregated accounts".

During fiscal year 2021, investments were limited to Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, negotiable CDs, commercial paper, a U.S. money market, and State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit and STAR Ohio, are reported at amortized cost.

During fiscal year 2021, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

The District also invests in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate competitive yield on cash deposits in a network of carefully-selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance with no term commitment on deposits.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$29,325, which includes \$12,523 assigned from other funds.

The District participates in the Jefferson Health Plan for self-insurance. These monies are held separate from the District's various bank accounts. The Jefferson County Educational Service Center serves as the fiscal agent for the insurance consortium.

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

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

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 presented on the basic financial statements as "equity in pooled cash and cash equivalents."

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

### G. Capital Assets

General capital assets are those assets specifically related to governmental activities. These assets 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 retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Land improvements	15 - 40 years
Buildings and improvements	25 - 40 years
Furniture and fixtures	5 - 20 years
Vehicles	5 - 15 years

### H. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. These items are reported 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. At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is nonspendable on the fund financial statements by an amount equal to the carrying value of the asset.

# I. Inventory

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

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

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

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

#### J. Interfund Balances

Transfers between governmental activities on the government-wide statements are eliminated. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures 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 to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivables/payables" and "due to/due from other funds". These amounts are eliminated in the governmental activities columns of the statement of net position.

# **K.** Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, Accounting for Compensated Absences. Vacation absences 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. Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is an estimate based on the District's past experience of making termination payments for sick leave.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2021, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

# L. 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.

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

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

### M. 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 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 capital leases are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

#### N. Fund Balance

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

The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education. 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 or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

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

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

#### O. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. 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 their 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. At June 30, 2021, there was no net position restricted by enabling legislation.

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

#### P. Estimates

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

#### Q. 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 and after nonoperating revenues/expenses in the proprietary fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

#### R. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities of the proprietary fund. For the District, these revenues are charges for services self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenue and expenses not meeting these definitions are classified as nonoperating.

# S. Extraordinary and Special Items

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

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

#### NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

### A. Change in Accounting Principles

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

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

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

# NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

#### **B.** Deficit Fund Balances

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

Nonmajor funds	Deficit
Elementary and Secondary School Emergency (ESSER)	\$ 27,621
IDEA Part B	19,700
Vocational Education	4,800
School Improvement Stimulus A	46
Title I	120,438
Supporting Effective Instruction	6,449

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.

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

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

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 market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- 4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
- 5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
- 6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- 7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio and STAR Plus); 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. Execept 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.

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

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

### A. Cash in Segregated Accounts

At fiscal year end, \$14,092 was maintained in a checking account that the District established for funds related to an Employee Flex account. This depository account is included in the total amount of "Deposits with Financial Institutions".

#### **B.** Deposits with Financial Institutions

At June 30, 2021, the carrying amount of all District deposits was \$4,909,326 and the bank balance of all District deposits was \$5,113,064. Of the bank balance, \$3,601,326 was covered by the FDIC, \$1,087,773 was covered by the Ohio Pooled Collateral System, and \$423,965 was potentially exposed to custodial risk.

The District participates in the Jefferson Health Plan for employee benefits. The amount held at fiscal year- end for the employee benefit self-insurance fund was \$2,987,814. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the health plan. This amount is reported as "cash and cash equivalents with a fiscal agent" on the basic financial statements.

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 School District's and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For fiscal year 2021, certain District's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

# C. Investments

As of June 30, 2021, the District had the following investments and maturities:

			Investment							
			Maturity							
Measurement/	Me	easurement	6 months or 7 to 12 19 to 24 Greater th					reater than		
Investment type	_	Value	_	less	_	months	months		24 months	
Fair value:										
FFCB	\$	528,201	\$	-	\$	-	\$	-	\$	528,201
FHLB		374,503		-		-		-		374,503
Negotiable CDs		896,570		-		-		397,894		498,676
Commercial paper		1,193,756		-		1,193,756		-		-
U.S. Government money market		6,266		6,266		-		-		-
Amortized Cost:										
STAR Ohio		1,642,311	_	1,642,311	_		_			
Total	\$	4,641,607	\$	1,648,577	\$	1,193,756	\$	397,894	\$	1,401,380

The weighted average maturity of investments is 1.23 years.

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

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

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

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

Credit Risk: The District's investments in commercial paper were rated P-1 by Moody's Investor Services. The District's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the U.S. Government money market an AAAm money market rating. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investments in negotiable CDs were not rated. The negotiable CDs were fully insured by FDIC. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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

The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount it may invest in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2021:

	Measurement			
Measurement/Investment type	_	Value	% of Total	
Fair value:				
FFCB	\$	528,201	11.38	
FHLB		374,503	8.07	
Negotiable CDs		896,570	19.32	
Commercial paper		1,193,756	25.72	
US Government Money market		6,266	0.13	
Amortized cost:				
STAR Ohio		1,642,311	35.38	
Total	\$	4,641,607	100.00	

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

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

#### 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, 2021:

Cash and investments per note	
Carrying amount of deposits	\$ 4,909,326
Investments	4,641,607
Cash with fiscal agent	 2,987,814
Total	\$ 12,538,747
Cash and investments per statement of net position	
Governmental activities	\$ 12,538,747
Total	\$ 12,538,747

#### **NOTE 5 - INTERFUND TRANSACTIONS**

#### A. Interfund Transfers

Transfers made during fiscal year 2021 were as follows:

<u>Fund</u>	Transfer In		Transfer Ou	
General fund	\$	-	\$	15,787
Nonmajor governmental funds		15,787		
Total	\$	15,787	\$	15,787

These transfers were made to move unrestricted balances to support programs and projects accounted for in other funds.

# **B.** Due to/from other funds consisted of the following at June 30, 2021, as reported on the fund statement:

Receivable fund	Payable fund	Ar	nount
General fund	Nonmajor governmental funds	\$	758,759

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

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

# **NOTE 6 - PROPERTY TAXES**

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

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

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at 35% of appraised market value. Real property taxes are payable annually or semi-annually. 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 revenue received in calendar year 2020 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020 and are collected in 2021 with real property taxes. Public utility real property is assessed at 35% of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Columbiana County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available as an advance at June 30, 2021 in the general fund and classroom facilities maintenance fund (a nonmajor governmental fund) were \$225,808 and \$3,633, respectively. The amount available for advance at June 30, 2020, in the general fund and classroom facilities maintenance fund (a nonmajor governmental fund) were \$161,865 and \$2,605, respectively. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 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 2021 taxes were collected are:

	Half	Collections	Half Collec	tions
	Amou	int Percent	Amount	Percent
Agricultural/residential				
and other real estate	\$ 159,35	55,090 87.09	\$ 159,138,340	86.73
Public utility personal	23,62	27,250 12.91	24,339,040	13.27
Total	\$ 182,98	32,340 100.00	\$ 183,477,380	100.00
Tax rate per \$1,000 of assessed valuation for:				
General	\$	333.63	\$33.63	
Classroom facilities maint.		0.50	0.50	

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

# **NOTE 7 - RECEIVABLES**

Receivables at June 30, 2021 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. Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year. The intergovernmental receivable at June 30 consisted of federal grants and other receivables.

# **Governmental activities:**

Property taxes	\$	5,149,452
Accrued interest		832
Intergovernmental		1,712,050
Total	<u>\$</u>	6,862,334

# **NOTE 8 - CAPITAL ASSETS**

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

	Balance			Balance
	06/30/20	Additions	<u>Deductions</u>	06/30/21
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 46,225	\$ -	\$ -	\$ 46,225
Total capital assets, not being depreciated	46,225			46,225
Capital assets, being depreciated:				
Land improvements	3,076,539	-	-	3,076,539
Buildings and improvements	62,904,276	-	-	62,904,276
Furniture and fixtures	5,972,668	41,997	-	6,014,665
Vehicles	2,665,593	227,071		2,892,664
Total capital assets, being depreciated	74,619,076	269,068		74,888,144
Less: accumulated depreciation:				
Land improvements	(2,332,844)	(138,635)	-	(2,471,479)
Buildings and improvements	(23,610,352)	(1,386,410)	-	(24,996,762)
Furniture and fixtures	(5,059,671)	(150,376)	-	(5,210,047)
Vehicles	(1,702,550)	(157,715)		(1,860,265)
Total accumulated depreciation	(32,705,417)	(1,833,136)		(34,538,553)
Governmental activities capital assets, net	\$ 41,959,884	\$ (1,564,068)	\$ -	\$ 40,395,816

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

# **NOTE 8 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction</u> :	
Regular	\$ 1,564,455
Special	3,705
Vocational	29,384
Support services:	
Instructional staff	4,484
Administration	4,490
Operations and maintenance	20,771
Pupil transportation	147,217
Food service operations	37,953
Extracurricular activities	 20,677
Total depreciation expense	\$ 1,833,136

#### NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In December 2010, the District entered into a Ground Lease Agreement with Huntington National Bank, in which the District was the Lessor of District land (known as the "Project Site") for school facilities construction. On the same date, the District entered into a lease agreement with Huntington National Bank in which the District would lease, from Huntington National Bank, the Project Site and Project Facilities. The lease is considered a direct borrowing. Direct borrowings have terms negotiated directly between the District and the lender and are not offered for public sale.

In return for the Ground Lease Agreement, Huntington National Bank agrees to make available \$2,000,000 for school facilities improvements. The term of the Ground Lease Agreement is 14 years and will end on December 31, 2025. As Lessee, Huntington National Bank made a one-time payment of \$1 to the District, which represents their leasehold interest in the Project Site over the term of the lease.

The Lease Agreement entered into between the same two parties had an initial lease term ending June 30, 2011. The Lease may be renewed by the Lessee (the District) annually for one year each through December 1, 2021. Each renewal shall be considered a new lease. Principal payments on each annual lease are in the amount of \$200,000.

In June 2015, the District amended the Ground Lease Agreement with Huntington National Bank, in which the District was the Lessor of District land (known as the "Project Site") for additional school facilities construction. On the same date, the District entered into a lease agreement with Huntington National Bank in which the District would lease, from Huntington National Bank, the Project Site and Project Facilities.

In return for the Ground Lease Agreement, Huntington National Bank agrees to make available \$1,900,000 for additional school facilities improvements. The term of the Ground Lease Agreement is 14 years and will end on December 1, 2025. As Lessee, Huntington National Bank made a one-time payment of \$1 to the District, which represents their leasehold interest in the Project Site over the term of the lease.

The Lease Agreement entered into between the same two parties had an initial lease term ending June 30, 2015. The Lease may be renewed by the Lessee (the "District") annually for one year each through July 1, 2026. Each renewal shall be considered a new lease. Principal payments on each annual lease are in the amount of \$200,000.

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

### NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)

During a previous fiscal year, the District entered into a capitalized lease for trucks, copiers and buses. These leases agreement meets the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets consisting of equipment and vehicles have been capitalized in the amount of \$1,065,658. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2021 for the equipment and vehicles was \$385,471, leaving a current book value of \$680,187. A corresponding liability is recorded in the government-wide financial statements.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021, were as follows:

Fiscal Year Ending June 30,	 Amount	
2022	\$ 426,378	
2023	303,375	
2024	296,480	
2025	288,010	
2026	 198,412	
Total minimum lease payments	1,512,655	
Less: amount representing interest	 (110,596)	
Total	\$ 1,402,059	

### **NOTE 10 - LONG-TERM OBLIGATIONS**

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

	Balance 6/30/20	Additions	Γ	Deductions	Balance 6/30/21	mount Due Within One Year
Governmental activities:						
Net pension liability Net OPEB liability/asset Compensated absences Capital leases	\$ 27,893,488 2,525,493 1,127,451 1,976,044	\$ 2,377,325 - 195,994 -	\$	(339,302) (68,290) (573,985)	\$ 30,270,813 2,186,191 1,255,155 1,402,059	\$ 112,020 383,216
Total long-term obligations	\$ 33,522,476	\$ 2,573,319	\$	(981,577)	\$ 35,114,218	\$ 495,236

<u>Net Pension Liability and Net OPEB Liability/Asset</u>: The District pays obligations related to employee compensation from the fund benefiting from their service. See Notes 13 and 14 for details.

<u>Compensated Absences</u>: Compensated absences will be paid from the fund from which the employees' salaries are paid. Compensated absences will primarily be paid from the general fund.

Capital Lease Obligations: The capital lease obligations will be paid from the general fund. See Note 9 for detail.

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

### **NOTE 11 - OTHER EMPLOYEE BENEFITS**

#### A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. There is no limit on the amount they may accumulate. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 258 days for classified personnel and 275 days for certified personnel. Upon retirement, payment is made to classified employees for one-third of the first 90 days plus 10% of the remaining balance up to the 255 days maximum and to certified employees for one-third of the first 105 days plus 10% of the remaining balance up to 265 days maximum. In no case shall a certified retiree receive less than 10 days, regardless of the number of sick days accumulated.

#### B. Life Insurance

The District provides term life insurance and accidental death and dismemberment insurance to all certified employees and to those classified employees working at least 22.5 hours per week through Fort Dearborn Life Insurance Company.

#### C. Health Insurance

During fiscal year 2009, the District joined the Jefferson Health Plan self-insurance plan (See Note 20) for its medical and dental insurance programs. Premiums are paid into the self-insurance fund and are available to pay claims and administrative costs. A stop-loss insurance contract with a private insurance carrier covers specific liability claims in excess of \$50,000 per employee. The liability for unpaid claims of \$677,086 is reported in the internal service fund at June 30, 2021, in accordance with Governmental Accounting Standards Board Statement No. 10. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

Fiscal Year	Beginning Balance	Claims and Changes in Estimates		Claims Payments		Ending Balance		
2021	\$ 635,287	\$ 4,228,139	\$	(4,186,340)	\$	677,086		
2020	614,874	5,434,569		(5,414,156)		635,287		

# **NOTE 12 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the District contracted for various types of insurance through the Ohio School Insurance Program.

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

Coverage provided is as follows:

Types of Coverage	Cove	erage Amount
Property: All Building and Contents (\$1,000 deductible)	\$	118,207,191
Flood: Field, Building and Contents (\$25,000 deductible)		1,000,000
Crime Insurance		25,000
Automobile		3,000,000
Uninsured		1,000,000
General Liability (\$1,000 deductible)		
Per Occurrence		3,000,000
Total Per Year		5,000,000

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

The District pays the State Workers Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

#### **NOTE 13 - DEFINED BENEFIT PENSION PLANS**

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

#### Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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

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

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

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

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

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

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District's contractually required contribution to SERS was \$488,775 for fiscal year 2021. Of this amount, \$22,840 is reported as pension and postemployment benefits payable.

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

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

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

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

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

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

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

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

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

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

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

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

The District's contractually required contribution to STRS was \$1,721,505 for fiscal year 2021. Of this amount, \$306,420 is reported as pension and postemployment benefits payable.

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

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

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

		SERS		STRS	 Total
Proportion of the net pension					
liability prior measurement date	C	0.09795990%		0.09962909%	
Proportion of the net pension					
liability current measurement date	<u>0</u>	0.09656710%		0.09870733%	
Change in proportionate share	-0.00139280%		- <u>0.00092176</u> %		
Proportionate share of the net					
pension liability	\$	6,387,151	\$	23,883,662	\$ 30,270,813
Pension expense	\$	576,060	\$	2,731,519	\$ 3,307,579

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

	 SERS		STRS		Total
Deferred outflows of resources	 		_		
Differences between expected and					
actual experience	\$ 12,406	\$	53,590	\$	65,996
Net difference between projected and					
actual earnings on pension plan investments	405,458	1	,161,465	1	,566,923
Changes of assumptions	-	1	,282,093	1	,282,093
Difference between employer contributions					
and proportionate share of contributions/					
change in proportionate share	-		264,905		264,905
Contributions subsequent to the					
measurement date	 488,775	1	,721,505	2	2,210,280
Total deferred outflows of resources	\$ 906,639	\$ 4	1,483,558	\$ 5	5,390,197

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

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

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and			
actual experience	\$ -	\$ 152,719	\$ 152,719
Difference between employer contributions			
and proportionate share of contributions/			
change in proportionate share	102,235	277,746	379,981
Total deferred inflows of resources	\$ 102,235	\$ 430,465	\$ 532,700

\$2,210,280 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

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

	 SERS	STRS		Total	
Fiscal Year Ending June 30:					
2022	\$ (83,492)	\$	829,188	\$	745,696
2023	103,176		438,613		541,789
2024	169,002		587,718		756,720
2025	 126,943		476,069		603,012
Total	\$ 315,629	\$	2,331,588	\$	2,647,217

### 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.

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

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

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

Wage inflation

Future salary increases, including inflation

COLA or ad hoc COLA

Investment rate of return

Actuarial cost method

3.00%

3.50% to 18.20%

2.50%

7.50% net of investment expense, including inflation

Entry age normal (level percent of payroll)

For 2020, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

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

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

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

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

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

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

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					
	19⁄	1% Decrease		Discount Rate		6 Increase	
District's proportionate share		_				_	
of the net pension liability	\$	8,749,618	\$	6,387,151	\$	4,404,997	

#### **Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation are presented below:

	July 1, 2020
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, 2020, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

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:

	Target	Long-Term Expected
Asset Class	Allocation	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 %	

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

**Discount Rate** - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

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

		Current						
	19	1% Decrease		Discount Rate		1% Increase		
District's proportionate share						_		
of the net pension liability	\$	34,006,176	\$	23,883,662	\$	15,305,674		

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

#### **NOTE 14 - DEFINED BENEFIT OPEB PLANS**

#### Net OPEB Liability/Asset

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

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

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for noncertificated 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 <a href="https://www.ohsers.org">www.ohsers.org</a> under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was \$67,139.

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 \$67,139 for fiscal year 2021. Of this amount, \$67,139 is reported as pension and postemployment benefits payable.

# Plan Description - State Teachers Retirement System (STRS)

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

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

# 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, 2021, STRS did not allocate any employer contributions to post-employment health care.

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

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

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

		SERS		STRS	 Total
Proportion of the net OPEB					
liability/asset prior measurement date	(	0.10042560%	(	0.09962909%	
Proportion of the net OPEB					
liability/asset current measurement date	0	0.10059190%	(	0.09870733%	
Change in proportionate share	0	0.00016630%	-(	0.00092176%	
Proportionate share of the net	_		-		
OPEB liability	\$	2,186,191	\$	-	\$ 2,186,191
Proportionate share of the net					
OPEB asset	\$	-	\$	(1,734,781)	\$ (1,734,781)
OPEB expense	\$	(29,419)	\$	(83,790)	\$ (113,209)

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

	 SERS	 STRS	Total
Deferred outflows of resources		 	
Differences between expected and			
actual experience	\$ 28,714	\$ 111,159	\$ 139,873
Net difference between projected and			
actual earnings on OPEB plan investments	24,632	60,796	85,428
Changes of assumptions	372,670	28,637	401,307
Difference between employer contributions			
and proportionate share of contributions/			
change in proportionate share	-	84,101	84,101
Contributions subsequent to the			
measurement date	 67,139	 	 67,139
Total deferred outflows of resources	\$ 493,155	\$ 284,693	\$ 777,848

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

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

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and			
actual experience	\$ 1,111,831	\$ 345,545	\$ 1,457,376
Changes of assumptions	55,065	1,647,752	1,702,817
Difference between employer contributions			
and proportionate share of contributions/			
change in proportionate share	151,423	6,680	158,103
Total deferred inflows of resources	\$ 1,318,319	\$ 1,999,977	\$ 3,318,296

\$67,139 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2022.

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

	SERS		STRS		Total	
Fiscal Year Ending June 30:						
2022	\$	(186,071)	\$	(428,611)	\$	(614,682)
2023		(184,290)		(387,460)		(571,750)
2024		(184,580)		(373,026)		(557,606)
2025		(172,862)		(362,615)		(535,477)
2026		(123,393)		(79,529)		(202,922)
Thereafter		(41,107)		(84,043)		(125,150)
Total	\$	(892,303)	\$	(1,715,284)	\$	(2,607,587)

### 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.

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

### 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:

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

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

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

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.

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

### **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	2.00 %	1.85 %
US Equity	22.50	5.75
International Equity	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	100.00 %	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45%, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.13% was used as of June 30, 2019. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate (7.00% decreasing to 4.75%).

				Current		
	1% Decrease		Discount Rate		1% Increase	
District's proportionate share of the net OPEB liability	\$	2,675,844	\$	2,186,191	\$	1,796,918
	19⁄	6 Decrease	T	Current rend Rate	19	% Increase
District's proportionate share of the net OPEB liability	\$	1,721,459	\$	2,186,191	\$	2,807,657

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

### **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, 2020, actuarial valuation, compared with July 1, 2019, are presented below:

	July 1, 2020		July 1, 2019		
Inflation	2.50%		2.50%		
Projected salary increases	12.50% at age 20	) to	12.50% at age 2	0 to	
, , ,	2.50% at age 65		2.50% at age 65		
Investment rate of return	7.45%, net of invexpenses, inclu		7.45%, net of investment expenses, including inflation		
Payroll increases	3.00%		3.00%		
Cost-of-living adjustments (COLA)	0.00%		0.00%		
Discount rate of return	7.45%		7.45%		
Blended discount rate of return	N/A		N/A		
Health care cost trends					
	Initial	Ultimate	Initial	Ultimate	
Medical					
Pre-Medicare	5.00%	4.00%	5.87%	4.00%	
Medicare	-6.69%	4.00%	4.93%	4.00%	
Prescription Drug					
Pre-Medicare	6.50%	4.00%	7.73%	4.00%	
Medicare	11.87%	4.00%	9.62%	4.00%	

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

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

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

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2019.

**Benefit Term Changes Since the Prior Measurement Date** - There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

### 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:

	Target	Long-Term Expected
Asset Class	Allocation	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 %	

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

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

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

				Current		
	19⁄	1% Decrease		scount Rate	1% Increase	
District's proportionate share of the net OPEB asset	\$	1,509,371	\$	1,734,781	\$	1,926,031
	19⁄	6 Decrease	т	Current rend Rate	19	% Increase
District's proportionate share of the net OPEB asset	\$	1,914,159	\$	1,734,781	\$	1,516,269

#### 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, disbursements and encumbrances.

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

### NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The Statement of Revenues, Expenditures and Changes in Fund Balances-Budget (Non-GAAP Basis) and Actual, 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 and the fund financial statements are the following:

- 1. Revenues and other sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- 2. Expenditures and other financing sources are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- 3. Encumbrances are treated as expenditures (budget basis) rather than as assignments or commitments of fund balances (GAAP basis);
- 4. Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- 5. Some funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

# Net Change in Fund Balance

	Ge	eneral fund	
Budget basis	\$	478,044	
Net adjustment for revenue accruals		372,503	
Net adjustment for expenditure accruals		23,155	
Net adjustment for other sources/uses		(380,005)	
Funds budgeted elsewhere		12,526	
Adjustment for encumbrances		219,389	
GAAP basis	\$	725,612	

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 public school support fund and the termination benefits fund.

#### **NOTE 16 - CONTINGENCIES**

# A. Grants

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2021, if applicable, cannot be determined at this time.

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

### **NOTE 16 - CONTINGENCIES - (Continued)**

### **B.** Litigation

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

# C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has finalized adjustments, which did not result in a material receivable to, or liability of, the District.

#### **NOTE 17 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID- 19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the School District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. The School District's investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

### **NOTE 18 - SET-ASIDES**

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

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

	Ca	ıpital
	<u>Impro</u>	vements
Set-aside reserve balance June 30, 2020	\$	-
Current year set-aside requirement		366,015
Current year offsets	(2	203,628)
Prior year offset from bond proceeds	(	162,387)
Total	\$	_
Balance carried forward to fiscal year 2022	\$	
Set-aside reserve balance June 30, 2021	\$	

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

### **NOTE 18 - SET-ASIDES - (Continued)**

During fiscal year 2003, the District issued \$7,900,000 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition below zero for future years. The amount presented for Prior Year Offset from Bond Proceeds is limited to an amount needed to reduce the reserve for capital improvement to zero. The District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$6,156,112 at June 30, 2021.

#### **NOTE 19 - COMMITMENTS**

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

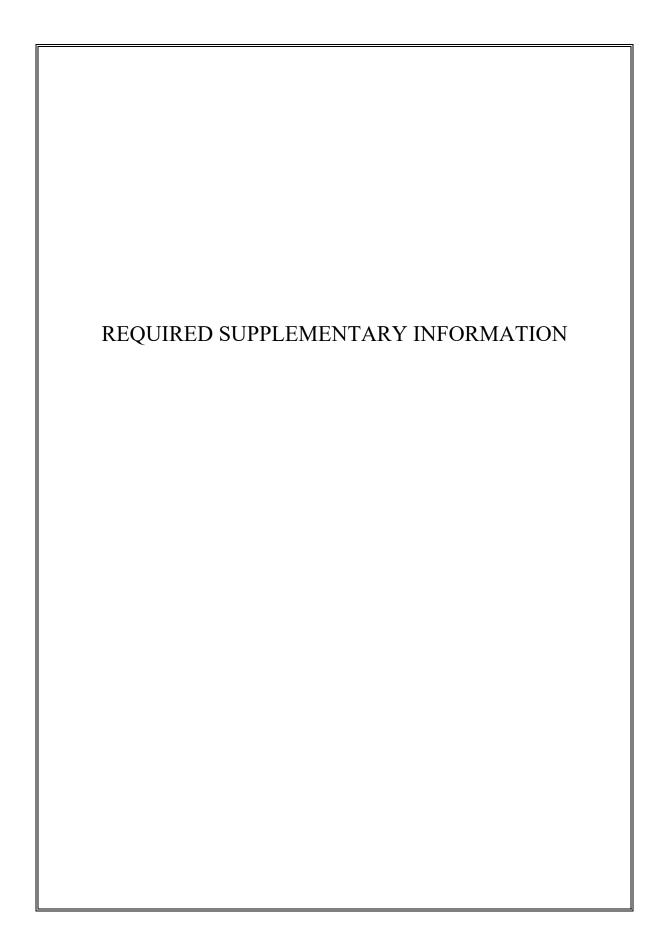
	Y	ear-End
<u>Fund</u>	Enc	umbrances
General	\$	219,389
Nonmajor governmental		593,448
Total	\$	812,837

#### NOTE 20 - CLAIMS SERVICING POOL

Jefferson Health Plan - The District began participating in the Jefferson Health Plan during the 2009 fiscal year, a public entity risk management, insurance, and claims servicing pool, consisting of school districts within the region, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the school districts' behalf. All participating members retain their risk and the Plan acts as the claims servicing agent.

#### **NOTE 21 - SUBSEQUENT EVENT**

For fiscal year 2022, District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school and scholarship funding will be directly funded by the State of Ohio to the respective schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the respective school. For fiscal year 2021, the District reported \$972,730 in revenue and expenditures/expense related to these programs. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each District. The District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.



# SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

# LAST EIGHT FISCAL YEARS

	-	2021		2020		2019		2018
District's proportion of the net pension liability	0.09656710%		0.09795990%		0.10267410%		0.10497820%	
District's proportionate share of the net pension liability	\$	6,387,151	\$	5,861,113	\$	5,880,336	\$	6,272,216
District's covered payroll	\$	3,377,164	\$	3,369,119	\$	3,368,570	\$	3,455,793
District's proportionate share of the net pension liability as a percentage of its covered payroll		189.13%		173.97%		174.56%		181.50%
Plan fiduciary net position as a percentage of the total pension liability		68.55%		70.85%		71.36%		69.50%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2017		2016		2015	2014		
(	0.10503950%	(	0.10300870%	C	0.10718500%	C	0.10718500%	
\$	7,687,922	\$	5,877,776	\$	5,424,572	\$	6,373,948	
\$	3,301,021	\$	2,875,857	\$	3,434,618	\$	3,102,392	
	232.90%		204.38%		157.94%		205.45%	
	62.98%		69.16%		71.70%		65.52%	

# SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

# LAST EIGHT FISCAL YEARS

	 2021	 2020	 2019	 2018
District's proportion of the net pension liability	0.09870733%	0.09962909%	0.09982283%	0.09628277%
District's proportionate share of the net pension liability	\$ 23,883,662	\$ 22,032,375	\$ 21,948,799	\$ 22,872,178
District's covered payroll	\$ 11,827,657	\$ 11,743,729	\$ 11,673,657	\$ 10,396,193
District's proportionate share of the net pension liability as a percentage of its covered payroll	201.93%	187.61%	188.02%	220.01%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

 2017		2016	 2015	 2014
0.09647745%	(	0.10235550%	0.10149734%	0.10149734%
\$ 32,293,911	\$	28,288,066	\$ 24,687,666	\$ 29,407,786
\$ 10,355,707	\$	10,120,007	\$ 10,883,323	\$ 9,322,146
311.85%		279.53%	226.84%	315.46%
66.80%		72.10%	74.70%	69.30%

### SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

### LAST TEN FISCAL YEARS

	 2021	 2020	 2019	 2018
Contractually required contribution	\$ 488,775	\$ 472,803	\$ 454,831	\$ 454,757
Contributions in relation to the contractually required contribution	 (488,775)	(472,803)	(454,831)	 (454,757)
Contribution deficiency (excess)	\$ 	\$ 	\$ 	\$ 
District's covered payroll	\$ 3,491,250	\$ 3,377,164	\$ 3,369,119	\$ 3,368,570
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

 2017	 2016	 2015	 2014	2013		 2012
\$ 483,811	\$ 462,143	\$ 379,038	\$ 476,038	\$	429,371	\$ 392,846
 (483,811)	 (462,143)	 (379,038)	 (476,038)		(429,371)	 (392,846)
\$ _	\$ -	\$ _	\$ 	\$	_	\$ 
\$ 3,455,793	\$ 3,301,021	\$ 2,875,857	\$ 3,434,618	\$	3,102,392	\$ 2,920,788
14.00%	14.00%	13.18%	13.86%		13.84%	13.45%

### SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

### LAST TEN FISCAL YEARS

	 2021	2020	2019	 2018
Contractually required contribution	\$ 1,721,505	\$ 1,655,872	\$ 1,644,122	\$ 1,634,312
Contributions in relation to the contractually required contribution	 (1,721,505)	 (1,655,872)	 (1,644,122)	(1,634,312)
Contribution deficiency (excess)	\$ 	\$ 	\$ _	\$ 
District's covered payroll	\$ 12,296,464	\$ 11,827,657	\$ 11,743,729	\$ 11,673,657
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

 2017	 2016	 2015	 2014	 2013	 2012
\$ 1,455,467	\$ 1,449,799	\$ 1,416,801	\$ 1,414,832	\$ 1,211,879	\$ 1,270,317
 (1,455,467)	 (1,449,799)	(1,416,801)	(1,414,832)	 (1,211,879)	 (1,270,317)
\$ 	\$ 	\$ 	\$ 	\$ 	\$ 
\$ 10,396,193	\$ 10,355,707	\$ 10,120,007	\$ 10,883,323	\$ 9,322,146	\$ 9,771,669
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

#### LAST FIVE FISCAL YEARS

		2021		2020		2019		2018		2017
District's proportion of the net OPEB liability	0.10059190%		(	0.10042560%	(	0.10422490%	C	0.10662540%	(	0.10648724%
District's proportionate share of the net OPEB liability	\$	2,186,191	\$	2,525,493	\$	2,891,480	\$	2,861,546	\$	3,035,280
District's covered payroll	\$	3,377,164	\$	3,369,119	\$	3,368,570	\$	3,455,793	\$	3,301,021
District's proportionate share of the net OPEB liability as a percentage of its covered payroll		64.73%		74.96%		85.84%		82.80%		91.95%
Plan fiduciary net position as a percentage of the total OPEB liability		18.17%		15.57%		13.57%		12.46%		11.49%

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

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

#### SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

#### LAST FIVE FISCAL YEARS

	 2021	 2020	 2019	 2018	 2017
District's proportion of the net OPEB liability/asset	0.09870733%	0.09962909%	0.09982283%	0.09628277%	0.09647745%
District's proportionate share of the net OPEB liability/(asset)	\$ (1,734,781)	\$ (1,650,096)	\$ (1,604,051)	\$ 3,756,598	\$ 5,159,639
District's covered payroll	\$ 11,827,657	\$ 11,743,729	\$ 11,673,657	\$ 10,396,193	\$ 10,355,707
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.67%	14.05%	13.74%	36.13%	49.82%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	174.40%	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.

### SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

### LAST TEN FISCAL YEARS

	 2021	 2020	 2019	2018
Contractually required contribution	\$ 67,139	\$ 56,792	\$ 78,311	\$ 73,425
Contributions in relation to the contractually required contribution	 (67,139)	(56,792)	(78,311)	(73,425)
Contribution deficiency (excess)	\$ 	\$ 	\$ 	\$ 
District's covered payroll	\$ 3,491,250	\$ 3,377,164	\$ 3,369,119	\$ 3,368,570
Contributions as a percentage of covered payroll	1.92%	1.68%	2.32%	2.18%

 2017	 2016	2015	 2014	 2013	 2012
\$ 58,561	\$ 54,060	\$ 54,414	\$ 66,646	\$ 48,899	\$ 16,124
 (58,561)	 (54,060)	 (54,414)	 (66,646)	 (48,899)	 (16,124)
\$ 	\$ 	\$ 	\$ 	\$ 	\$ 
\$ 3,455,793	\$ 3,301,021	\$ 2,875,857	\$ 3,434,618	\$ 3,102,392	\$ 2,920,788
1.69%	1.64%	1.89%	1.94%	1.58%	0.55%

### SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

### LAST TEN FISCAL YEARS

	 2021	2020		2019	2018
Contractually required contribution	\$ -	\$ -	\$	-	\$ -
Contributions in relation to the contractually required contribution	 <u> </u>	<u>-</u>	_	<u>-</u>	
Contribution deficiency (excess)	\$ 	\$ 	\$		\$ 
District's covered payroll	\$ 12,296,464	\$ 11,827,657	\$	11,743,729	\$ 11,673,657
Contributions as a percentage of covered payroll	0.00%	0.00%		0.00%	0.00%

 2017	 2016	 2015	 2014	2013		 2012
\$ -	\$ -	\$ -	\$ 108,833	\$	93,221	\$ 97,717
 	 		 (108,833)		(93,221)	 (97,717)
\$ 	\$ 	\$ 	\$ _	\$	_	\$ 
\$ 10,396,193	\$ 10,355,707	\$ 10,120,007	\$ 10,883,323	\$	9,322,146	\$ 9,771,669
0.00%	0.00%	0.00%	1.00%		1.00%	1.00%

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

#### 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 2019-2021.

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

#### STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

#### 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 2017-2021.

(Continued)

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

#### OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

#### STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

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# SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal AL Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education:				
Child Nutrition Cluster:				
Non-Cash Assistance (Food Distribution):		10.555	\$61,757	\$61,757
Cash Assistance:				
School Breakfast Program		10.553	285,675	285,675
COVID-19 School Breakfast Program			87,357	87,357
			373,032	373,032
National School Lunch Program		10.555	629,825	629,825
COVID-19 School Lunch Program			137,914	137,914
			767,739	767,739
NSLP Equipment Assistance		10.579	15,389	
Cash Assistance Subtotal			1,156,160	1,140,771
Total Child Nutrition Cluster (Cash and Non-cash)			1,217,917	1,202,528
Fresh Fruits and Vegetables Program	2020	10.582	26,504	26,504
3 3	2021		82,869	82,869
			109,373	109,373
Total U.S Department of Agriculture - (Cash and Non-cash)			1,327,290	1,311,901
U.S. DEPARTMENT OF EDUCATION  Passed Through Ohio Department of Education:  Special Education Cluster:  Special Education Grants to States				
(IDEA Part B)	2020	84.027	59,101	24,191
,	2021		490,186	473,161
Total Special Education Grants to States			549,287	497,352
Special Education - Preschool Grants	2020	84.173A	5,975	(4,160)
'	2021		12,383	11,355
Total Special Education - Preschool Grants			18,358	7,195
Total Special Education Cluster			567,645	504,547
Title II A - Improving Teacher Quality	2020	84.367	13,437	(4,103)
, ,	2021		94,827	87,725
Total Title II A - Improving Teacher Quality			108,264	83,622
Student Support Academic Enrichment Program	2020	84.424	18,815	34,124
	2021		76,355	76,355
Total Student Support Academic Enrichment Program			95,170	110,479

### SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021 (continued)

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal AL Number	Receipts	Expenditures
U.S. DEPARTMENT OF EDUCATION (continued)				
Passed Through Ohio Department of Education (continued): COVID-19 Education Stabilization Fund Under The				
Coronavirus Aid, Relief, and Economic Security Act	2021 2022	84.425(D)	1,053,028	1,044,240 764,317
Total COVID-19 Education Stabilization Fund Under The				
Coronavirus Aid, Relief, and Economic Security Act			1,053,028	1,808,557
Grants to Local Educational Agencies (ESEA Title I)	2020	84.010	259,334	173,849
	2021		1,141,272	1,058,424
Title I Supplemental School Improvement	2021		16,118	17,148
Title I Expaning Opportunities Stem to Steam	2021		19,988	17,555
Total Grants to Local Educational Agencies (ESEA Title I)			1,436,712	1,266,976
Title VI- Rural Education	2020	84.358		(721)
	2021		36,687	29,742
			36,687	29,021
Career and Technical Education - Basic Grants to States	2019	84.048		851
	2020		48,602	27,843
	2021		25,767	27,967
			74,369	56,661
State Personnel Development Grant	2020	84.323	39,876	28,733
	2021		113,317	103,799
Total State Personnel Development Grant			153,193	132,532
Total U.S. Department of Education			3,525,068	3,992,395
U.S. DEPARTMENT OF TREASURY				
Passed Through Ohio Department of Education: COVID-19 Coronavirus Relief Fund				
COVID-19 Coronavirus Relief Fund	2021	21.019	130,674	130,674
COVID-19 Broadband Ohio Connectivity	2021	21.010	46,268	46,268
Total U.S. Department of Treasury			176,942	176,942
Total O.S. Department of Treasury			170,942	170,942
Total Federal Awards			\$5,029,300	\$5,481,238

The accompanying notes to this schedule are an integral part of this schedule.

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

#### **NOTE A - BASIS OF PRESENTATION**

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of East Liverpool City School District (the District's) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

#### 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.

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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

East Liverpool Local School District Columbiana County 810 West 8<sup>th</sup> Street East Liverpool, Ohio 43920

#### 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, the major fund, and the aggregate remaining fund information of the East Liverpool City School District, Columbiana County, (the District) as of and for the year ended June 30, 2021, 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 21, 2022. We noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

### Internal Control Over Financial Reporting

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

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

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

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#### **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 statement. 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 responses to the findings identified in our audit are described in the accompanying schedule of findings and corrective action plan. We did not subject the District's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### 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 21, 2022



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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

East Liverpool Local School District Columbiana County 810 West 8<sup>th</sup> Street East Liverpool, Ohio 43920

To the Board of Education:

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

We have audited East Liverpool City 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 East Liverpool City School District's major federal programs for the year ended June 30, 2021. 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 programs.

#### Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal programs 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 programs 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 the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

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# Basis for Qualified Opinions on the Nutrition Cluster and the COVID-19 Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act

As described in findings 2021-002 through 2021-005 in the accompanying schedule of findings, the District did not comply with requirements regarding Allowable Costs/Cost Principles, Procurement and Suspension and Debarment, applicable to its AL #10.553 and 10.555 Nutrition Cluster, and Equipment and Real Property Management, and Cash Management applicable to its AL #84.425(D) COVID-19 Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act major federal programs. Compliance with these requirements are necessary, in our opinion, for the District to comply with requirements applicable to these programs.

As described in Findings 2021-002 through 2021-005 in the accompanying schedule of findings, the District did not comply with requirements regarding the following:

Finding #	AL#	Program (or Cluster) Name	Compliance Requirement
2021-002	10.553 and 10.555	Nutrition Cluster	Procurement and Suspension and Debarment
2021-003	84.425(D)	Education Stabilization Fund	Equipment and Real Property Management
2021-004	10.553 and 10.555	Nutrition Cluster	Allowable Costs/Cost Principles
2021-005	84.425(D)	Education Stabilization Fund	Cash Management

Compliance with these requirements is necessary, in our opinion, for the District to comply with the requirements applicable to these programs.

# Qualified Opinion on Nutrition Cluster and COVID-19 Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Nutrition Cluster and COVID-19 Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act* paragraph, East Liverpool City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its Nutrition Cluster and COVID-19 Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act for the year ended June 30, 2021.

#### Unmodified Opinion on the Other Major Federal Program

In our opinion, East Liverpool City 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 for the year ended June 30, 2021.

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#### Other Matter

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 as item 2021-001. Our opinion on the major federal programs is not modified with respect to this matter.

The District's response to our noncompliance findings are described in the accompanying schedule of findings 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.

#### 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 and other deficiencies we consider to be significant deficiencies.

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 as items 2021-001 through 2021-003 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2021-004 and 2021-005 to be significant deficiencies.

The District's responses to our internal control over compliance findings are described in the accompanying schedule of findings 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.

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

Keith Faber Auditor of State Columbus, Ohio

April 21, 2022

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

### 1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified – Nutrition Cluster (AL #10.553 & 10.555) Qualified – COVID-19 Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act (AL #84.425(D)) Unmodified – Title 1 (AL #84.010)
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster (AL #10.553 & 10.555) COVID-19 Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act (AL #84.425(D)) Title 1 (AL #84.010)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others

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

None

#### 3. FINDINGS FOR FEDERAL AWARDS

Federal Programs - Schedule of Receipts and Expenditures of Federal Awards Reporting

Finding Number: 2021-001

Assistance Listing Number and Title: AL # 84.425(D), COVID-19 Education

Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act, AL #10.555, National School Lunch Program, AL #10.553, National School Breakfast Program, AL #10.582, Fresh Fruits and Vegetable Program, AL #84.323 State Personnel Development Grant, AL #84.424 Student Support Academic Enrichment Program, AL #84.010 Title 1, and AL #84.048. Career and

**Technical Education** 

Federal Award Identification Number / Year: 2021

Federal Agency: United States Department of Education, and

**United States Department of Agriculture** 

Compliance Requirement: Reporting

Pass-Through Entity: Ohio Department of Education

Repeat Finding from Prior Audit?

No

#### **Noncompliance and Material Weakness**

**2 CFR Subpart F Section 200.510(b)** requires the auditee prepare a Schedule of Expenditures of Federal Awards (the Schedule) for the period covered by the District's financial statements which must 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 AL number or other identifying number when the AL 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.

## FINDING NUMBER 2021-001 (Continued)

The following errors and omissions were identified:

- The District failed to report donated commodities in the amount of \$61,757;
- The District failed to separately identify National School Lunch and National School Breakfast program COVID-19 monies in the amounts of \$137,914 and \$87,357, respectively;
- The District received and expended \$7,087 from the National School Breakfast program, however, the District misposted these funds to the National School Lunch program;
- The District overstated the receipts and expenditures for the Fresh Fruits and Vegetable Program in the amounts of \$21,453 and \$28,612, respectively, by including adjustments on the Schedule;
- The District omitted \$15,389 in NSLP Equipment Assistance receipts that was received during the fiscal year;
- The District received and expended \$95,170 from the Student Support Academic Enrichment Program, however, the District posted these funds into ESEA Title 1 Grants to Local Educational Agencies Program. In addition, \$15,309 was expended from the Student Support Academic Enrichment Program that was omitted from the Schedule;
- The District overstated receipts in the ESEA Title 1 Grants to Local Educational Agencies fund in the amount of \$63,126 by including several adjustments and corrections that should not have been included on the Schedule;
- The District omitted \$764,317 in expenditures from the Covid-19 Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act Program;
- The District omitted \$851 in expenditures from the Career and Technical Education-Basic Grants to States fund; and
- The District overstated receipts in the State Personnel Development Grant in the amount of \$72,185 by including adjustments and corrections that should not have been reported on the Schedule.

This lack of effective controls over this compliance requirement resulted in the expenditures in the Schedule being understated by \$813,622. This is due to the District not reviewing the Schedule to ensure it was complete and accurate. Adjustments, to which management have agreed, are reflected in the accompanying Schedule.

Noncompliance with grant requirements as well as errors and omissions on the Schedule of Receipts and Expenditures of Federal Awards could have an adverse effect on future grant awards by the awarding 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 receipts and expenditures and related information separately from other receipt and 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 may 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.

#### Federal Programs - Procurement and Suspension and Debarment Procedures

Finding Number: 2021-002

Assistance Listing Number and Title: AL # 10.553, National School Breakfast

Program, and AL #10.555, National School

Lunch Program

Federal Award Identification Number / Year: 2021

Federal Agency: United States Department of Agriculture

Compliance Requirement: Procurement and Suspension and

Debarment

Pass-Through Entity: Ohio Department of Education

Repeat Finding from Prior Audit? Yes
Prior Audit Finding Number: 2020-003

#### **Noncompliance and Material Weakness**

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in **2 CFR Section 180.220**. All nonprocurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in **2 CFR Section 180.215**.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity, as defined in 2 CFR Section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction. This verification may be accomplished by (1) checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA) and available at https://www.sam.gov/portal/public/SAM/,(2) collecting a certification from the entity, or (3) adding a clause or condition to the covered transaction with that entity (2 CFR Section 180.300).

Additionally, per The NDAA of 2017, Section 217 (Pub. L. No. 114-328, 130 Stat. 6 (2051)) and 41 USC 1902(a)(2) contained the following provisions.

Raise the micro-purchase threshold to \$10,000 for procurements under grants and cooperative agreements to institutions of higher education, or related or affiliated nonprofit entities, independent research institutes and nonprofit research organizations.

One out of four (25%) of the vendors paid from the Nutrition Cluster program exceeding \$25,000 did not have a verification performed to ensure these vendors were not suspended or debarred. Although the District's policy states that they do not contract with vendors who are neither suspended nor debarred, there are no procedures in place noted in the policy regarding the matters taken by the District to assure the vendors are neither suspended nor debarred. In addition, a review of the District's policy manual identified it has not been updated to reflect the micro-purchase threshold. This is the result of the District not reviewing their policies and could result in expenditures made to parties excluded by the Federal Government.

The District should establish formal procedures within the policy to help ensure federal requirements over suspension and debarment are satisfied, as well as updating and maintaining the procurement policy in accordance with federal guidelines.

### Federal Programs - Equipment and Real Property Management

Finding Number: 2021-003

Assistance Listing Number and Title: AL # 84.425(D), COVID-19 Education

Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act

Federal Award Identification Number / Year: 2021

Federal Agency: United States Department of Education

Compliance Requirement: Equipment and Real Property Management

Pass-Through Entity: Ohio Department of Education

Repeat Finding from Prior Audit? No

#### **Noncompliance and Material Weakness**

**2 CFR Section 200.313(d)(1)** states, in part, that property records must be maintained for equipment and real property purchases using federal funds. The property records should include, but are not limited to, a description of the property, a serial number or other identification number, the source of funding for the property (including the federal award identification number), and any ultimate disposition data including the date of disposal and sales price of the property.

Testing over the District's Elementary and Secondary School Emergency Relief funds (ESSER) capital outlay purchases identified two purchases totaling \$98,065, which projects to an error of \$305,723, that were not recorded on the District's Property Inventory & Accounting Cost Report. This is the result of the District not reviewing their policies and Property Inventory & Accounting Cost Report.

Failure to ensure equipment purchases are included on the District's inventory listing could result in a misappropriation of the equipment and a possible a future loss of funding.

To effectively control equipment and to maintain accountability over expenditures, the District should review its policy and ensure all equipment is properly identified and recorded on their Property Inventory & Accounting Cost Report.

#### Federal Programs - Allowable Costs/Cost Principles

Finding Number: 2021-004

Assistance Listing Number and Title: AL # 10.553, National School Breakfast

Program, and AL #10.555, National School

**Lunch Program** 

Federal Award Identification Number / Year: 2021

Federal Agency: United States Department of Agriculture

Compliance Requirement: Allowable Costs/Cost Principles
Pass-Through Entity: Ohio Department of Education

Repeat Finding from Prior Audit?

### **Noncompliance and Significant Deficiency**

**2 CFR 200 Subpart E Section 200.431(c)** states, in part, the cost of fringe benefits are allowable, provided such benefits are granted under established written policies. Such benefits must be allocated to Federal awards and all other activities in a manner consistent with the pattern of benefits attributable to the individuals or group(s) of employees whose salaries and wages are chargeable to such Federal awards and other activities, and charged as direct or indirect costs in accordance with the non-Federal entity's accounting practices.

The District has established a policy over allowable costs, however, due to the lack of review of the policy, testing over the Nutrition Cluster Program identified a former nutrition cluster employee's longevity pay in the amount of \$1,050 was charged to the Food Service fund rather than the General Fund for a projected error of \$20,295. This could result in improper spending and federal questioned costs, which could result in a loss of funding.

To effectively control the Nutrition Cluster payroll cycle and to maintain accountability over expenditures, the District should review its policy and ensure employees are federally certified prior to charging payments to federal grant programs.

Federal Programs - Cash Management

2021-005 **Finding Number:** 

**Assistance Listing Number and Title:** AL # 84.425(D), COVID-19 Education

> Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act

Federal Award Identification Number / Year:

**Federal Agency: United States Department of Education** 

**Compliance Requirement: Cash Management** 

**Pass-Through Entity: Ohio Department of Education** 

Repeat Finding from Prior Audit? No

### **Noncompliance and Significant Deficiency**

2 CFR Section 200.305(b) states in part that for non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass through entity and the disbursement by the non-Federal entity.

Additionally, the Ohio Department of Education Grants manual requires advance funds to be disbursed within five days of receipt.

Testing over the ESSER grant identified one out of nine (11%) requests, or \$43,600 out of \$1,053,028 where the District requested an advance of funds, however, the funds were not disbursed until 84 days after receipt. Of the advance amount of \$43,600, \$8,788 was not disbursed within the five day requirement. This is due to the District not reviewing the guidance above to ensure advance monies are timely spent.

Failure to spend advance monies within five days could result in improper spending and federal questioned costs, which could result in a loss of funding.

The District should maintain and follow written procedures that minimize the time lapsing between transfer of funds and their disbursement. Financial management systems should meet the standards for fund control and accountability.

Official's Response: See Corrective Action Plan

#### 4. OTHER - FINDINGS FOR RECOVERY

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS or Single Audit Compliance and Controls reports.

#### **FINDING NUMBER 2021-006**

#### Finding for Recovery - Repaid Under Audit

Ohio Rev. Code § 3307.26(C) requires the contribution for all teachers be deducted by the employer on each payroll in an amount equal to the applicable per cent of the teachers' paid compensation for such payroll period or other period as the board may approve.

East Liverpool City School District teacher Sherry Blackburn did not have STRS withheld on her earned income during the fiscal year which amounted to \$4,607. On June 10, 2021, the District entered into an agreement with Ms. Blackburn to have an extra \$250 withheld from her paycheck until the amount was repaid in full. On March 4, 2022, the final amount was repaid to the District.

# FINDING NUMBER 2021-006 (Continued)

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money due but not collected is hereby issued against Sherry Blackburn, for \$4,607 and in favor of the East Liverpool City School District's General Fund.

Failure to withhold the appropriate withholdings will cause employees to lose service credit and could result in the District being assessed penalties and late fees, along with additional findings for recovery being issued.

The Treasurer should ensure all employees under STRS have the proper contribution amounts withheld.

This matter will be referred to the State Teachers Retirement System

Official's Response: See Corrective Action Plan

#### **FINDING NUMBER 2021-007**

#### Finding for Recovery - Resolved Under Audit

Ohio Rev. Code § 3307.26(C) requires the contribution for all teachers be deducted by the employer on each payroll in an amount equal to the applicable per cent of the teachers' paid compensation for such payroll period or other period as the board may approve.

East Liverpool City School District teacher Morgan Saddler did not have STRS withheld on her earned income during the fiscal year which amounted to \$5,642. On October 7, 2021, the District entered into an agreement with Ms. Saddler to have an extra \$140 withheld from her paycheck until the amount was repaid in full. As of April 18, 2022, \$1,960 has been paid to the District.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money due but not collected is hereby issued against Morgan Saddler, for \$3,682 and in favor of the East Liverpool City School District's General Fund.

Failure to withhold the appropriate withholdings will cause employees to lose service credit and could result in the District being assessed penalties and late fees, along with additional findings for recovery being issued.

The Treasurer should ensure all employees under STRS have the proper contribution amounts withheld.

This matter will be referred to the State Teachers Retirement System.

# The East Liverpool City Schools

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

Finding Number	Finding Summary	Status	Additional Information
2019-001	Cash Reconciliation Process Errors	Fully Corrected	The district will continue with the process in place stated in previous under which was sufficient to achieve "fully corrected" status of item 2019-001 also addressed in prior audit finding 2020-002
2019-002	Financial Reporting	Partially Corrected	As stated in prior year audit the new Treasurer maintains control over the postings to ensure the prior types of errors found in 2019-002 don't occur again. We would seek more information as to how to become "fully corrected" vs "partially corrected" via the audit team and report for FY21. FY 21 audit did not contain this finding.
2019-003	Segregation of Duties	Partially Corrected	Segregation was addressed per previous audit finding 2020-001 to address providing additional layers between each function of the Treasurer's office for example payroll, accounts payable and accounts receivable. Control over cash and bank accounts was addressed by providing the BOE monthly reports. As stated: The Payroll functions have been directly addressed and will continue to be modified when opportunities are identified. An added layer of verification has been instituted utilizing Kim to prepare a spreadsheet of all items so that Treasurer can use that data to reconcile the Payroll account and deductions/checks. In

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			budgetary items, the district is small, so the clerk needs to have admin rights. However, the Treasurer approves all Reqs prior to disbursements then inspects the disbursement check ledger when the checks have been printed to ensure proper payout. The Treasurer provides all monthly Cash Recs, Disbursement and Receipt Ledgers to the BOE monthly for inspection and verification to ensure errors cannot go undetected. We would seek more information as to how to become "fully corrected" vs "partially corrected" via the audit team and report for FY21.
2019-004	Procurement, Suspension, and Debarment Procedures	Not Corrected	The district maintains a contract with OMERESA which was stated in the previous audit as the following: Policy review with Food Service Supervisor has occurred and the contract with OMERESA has been reviewed. Participation in the consortium provides an added layer of protection that a vendor being utilized has not been suspended or disbarred. Searches of vendors are performed on SAM.GOV when a new vendor is established into the USAS system. The Director bids out certain transactions such as Dairy and Pizza when OMERESA vendor may not be the best for the district. OASBO has been contacted to update our Policy as well in case of a separation from OMERESA.so further direction will be needed as to how why that response was not valid or how to correct from the audit team and report for FY21 so that status can be changed as we were under the assumption our statements for FY20 were sufficient to address the FY20 deficiencies. 2020-003

# The East Liverpool City Schools

810 West Eighth Street

East Liverpool, Ohio 43920

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

Finding Number:

2021-001

**Planned Corrective Action:** 

The Federal Schedule for FY21 was done in transition from old Treasurer to Interim Treasurer to current Treasurer along with a change in state software from classic to re-design. The Fed schedule will now be completely prepared in USAS at year with appropriate Receipts and Expenditures as to match what has been recorded in the system. The Fed Schedule will then be reviewed by a second individual so that interpretation of information by current Treasurer can be validated as correct.

**Anticipated Completion Date:** 

6/30/2022

Responsible Contact Person:

Anson S. Wiegand, Treasurer

Finding Number:

2021-002

Planned Corrective Action:

Policy will be reviewed again with Food Service Supervisor now that current Treasurer has a much better understanding of this process. Review will include how to obtain verification from OMERESA when a vendor breaches the \$25K threshold as well as independent verification when a vendor is used outside of OMERESA and breaches the \$25K threshold. Participation in the consortium provides an added layer of protection that a vendor being utilized has not been suspended or disbarred. Searches of vendors will be performed on SAM.GOV when a new vendor is established into the USAS system. The current Treasurer has put into place an added step that any new Vendor must be printed and reviewed before disbursement. The Director bids out certain transactions such as Dairy and Pizza when OMERESA vendor may not be the best for the district. OASBO has been contacted to update our Policy as well in case of a separation from OMERESA.

5/30/2022

Anticipated Completion Date: Responsible Contact Person:

Joy Bock, Food Service

**Finding Number:** 

2021-003

**Planned Corrective Action:** 

After review, the two items not listed as additions to the Inventory Evaluation were a Sound System and Tractor. The process is to print all 600 purchases which when done should show all assets purchased over \$5K threshold that should be reported to the IAC each fiscal year end. For current fiscal year end, current Treasurer will add an additional step so that a review of the asset addition spreadsheet is reviewed by Assistant Secretary so that no assets are left off as compared to the Capital Outlay

purchases for the current FY.

Anticipated Completion Date:

6/30/2022

Responsible Contact Person:

Anson S. Wiegand, Treasurer

Finding Number:

2021-004

**Planned Corrective Action:** 

The current Treasurer will review future Longevity and payments that are irregular with the payroll administrator to ensure that the program being charged is appropriate according to their position within the district. This mis-posting was due to a coding

error that was missed following the change in employee's position.

Anticipated Completion Date:

6/1/2022

Responsible Contact Person:

Anson S. Wiegand, Treasurer

SUPT. FAX: (330) 382-7673

An Equal Opportunity Employer
Phone: (330) 385-7132

TREAS. FAX: (330) 382-7682

**Finding Number:** 

2021-005

Planned Corrective Action:

The current Treasurer has a process in place to only request moneys that have been disbursed as a reimbursement for ODE for federal programs. In FY21 at year end the current Treasurer misunderstood year end request and did an advancement of funds that wasn't disbursed timely. This has been identified and corrected immediately and the district will continue to operate under corrected process as described above.

Anticipated Completion Date:

5/16/2022

**Responsible Contact Person:** 

Anson S. Wiegand, Treasurer

Finding Number:

2021-006 and 2021-007

**Planned Corrective Action:** 

The employee STRS issue was discovered and corrected as described by auditor findings. STRS was utilized in resolving the matter but to avoid future issues all new hires and position changes will be reviewed by the payroll administrator to ensure STRS box in USPS is properly checked and then subsequently provided to current Treasurer for verification. A payroll STRS report can be each pay by the payroll administrator to verify proper STRS submission and this will be further reviewed by

current Treasurer. This was put into place upon identification of the error.

**Anticipated Completion Date: Responsible Contact Person:**  5/16/2022

Anson S. Wiegand, Treasurer



#### **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 6/7/2022

88 East Broad Street, Columbus, Ohio 43215 Phone: 614-466-4514 or 800-282-0370