



OHIO AUDITOR OF STATE
KEITH FABER



**NEW BOSTON LOCAL SCHOOL DISTRICT
SCIOTO COUNTY
JUNE 30, 2021**

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**NEW BOSTON LOCAL SCHOOL DISTRICT
SCIOTO COUNTY
JUNE 30, 2021**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

New Boston Local School District
Scioto County
#1 Glenwood Tiger Trail
New Boston, Ohio 45662

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 23 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
April 22, 2022

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NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

Unaudited

As management of the New Boston Local School District, we offer the readers of the School District's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the additional information that we have provided in the basic financial statements and in the notes to the basic financial statements to enhance their understanding of the School District's performance.

Financial Highlights

- Net position of governmental activities increased \$131,874.
- The School District gave a three percent base increase in salaries during the fiscal year.
- The School District started with a conservative budget and closely monitored expenditures throughout the fiscal year. Revenues continue to outpace expenditures.

Using the Basic Financial Statements

This report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the New Boston Local School District as a financial whole, an entire operating entity.

The Statement of Net Position and the Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School 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 School District's major funds with all other nonmajor funds presented in total in one column. The major funds for the New Boston Local School District are the General Fund and the Bond Retirement Debt Service Fund.

Reporting the School District as a Whole

One of the most important questions asked about the School District is "How did we do financially during fiscal year 2021?"

The Statement of Net Position and the Statements of Activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps answer this question. These government-wide financial statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

Unaudited

These two statements report the School District's net position and change in net position. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the School District's property tax base, current property tax laws in Ohio restricting revenue growth, required educational programs and other factors.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's major funds, which are the General Fund and the Bond Retirement Debt Service Fund.

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

The School District as a Whole

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

Unaudited

| | (Table 1) Net Position Governmental Activities | | Increase/ (Decrease) |
|---------------------------------------|--|---------------------|-------------------------|
| | 2021 | 2020 | |
| Assets | | | |
| Current Assets | \$8,743,367 | \$8,013,245 | \$730,122 |
| Net OPEB Asset | 322,686 | 304,829 | 17,857 |
| Capital Assets, Net | 14,913,174 | 15,495,648 | (582,474) |
| Total Assets | <u>23,979,227</u> | <u>23,813,722</u> | <u>165,505</u> |
| Deferred Outflows of Resources | | | |
| Pension | 1,106,235 | 1,093,850 | 12,385 |
| OPEB | 215,721 | 156,676 | 59,045 |
| Total Deferred Outflows of Resources | <u>1,321,956</u> | <u>1,250,526</u> | <u>71,430</u> |
| Liabilities | | | |
| Other Liabilities | 553,982 | 543,658 | 10,324 |
| Long-Term Liabilities | | | |
| Due Within One Year | 171,576 | 170,329 | 1,247 |
| Due In More Than One Year: | | | |
| Net Pension Liability | 6,104,906 | 5,562,544 | 542,362 |
| Net OPEB Liability | 567,514 | 642,049 | (74,535) |
| Other Amounts | 3,128,716 | 3,321,586 | (192,870) |
| Total Liabilities | <u>10,526,694</u> | <u>10,240,166</u> | <u>286,528</u> |
| Deferred Inflows of Resources | | | |
| Property Taxes | 1,335,295 | 1,286,006 | 49,289 |
| Pension | 119,095 | 458,783 | (339,688) |
| OPEB | 713,227 | 604,295 | 108,932 |
| Total Deferred Inflows of Resources | <u>2,167,617</u> | <u>2,349,084</u> | <u>(181,467)</u> |
| Net Position | | | |
| Net Investment in Capital Assets | 12,064,149 | 12,486,050 | (421,901) |
| Restricted | 1,376,516 | 1,291,377 | 85,139 |
| Unrestricted (Deficit) | (833,793) | (1,302,429) | 468,636 |
| Total Net Position | <u>\$12,606,872</u> | <u>\$12,474,998</u> | <u>\$131,874</u> |

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

Unaudited

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2021. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by 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.

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

Total assets of governmental activities increased \$165,505. The increase in current assets was primarily due to an increase in cash. This increase is due to total revenues exceeding expenditures during the fiscal year.

Total liabilities increased \$286,528 for fiscal year 2021, mainly due to an increase in net pension liability due to changes in assumptions and changes in benefit terms by the Statewide pension systems.

Net investment in capital assets for governmental activities decreased \$421,901. The decrease is due to fiscal year 2021 deletions and depreciation exceeding asset additions. Unrestricted Net Position for governmental activities increased by \$468,636, mainly due to the increase in cash.

Table 2 shows the highlights of the School District's revenues and expenses for fiscal years 2021 and 2020. These two main components are subtracted to yield the change in net position. This table uses the full accrual method of accounting.

Revenue is further divided into two major components: Program Revenues and General Revenues. Program Revenues are defined as charges for services and sales, operating grants, contributions, and restricted interest. General Revenues include property taxes, unrestricted grants, such as State foundation support, unrestricted contributions, unrestricted investment earnings and miscellaneous revenues.

Expenses are shown in programs that are easily identifiable utilizing the current Uniform School Accounting System (USAS) coding structure.

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

Unaudited

(Table 2)
Change in Net Position

| | Governmental Activities | | Increase/ (Decrease) |
|--|-------------------------|--------------|-------------------------|
| | 2021 | 2020 | |
| Revenues | | | |
| Program Revenues: | | | |
| Charges for Services and Sales | \$1,150,136 | \$1,192,775 | (\$42,639) |
| Operating Grants, Contributions, and Interest | 1,528,313 | 1,474,566 | 53,747 |
| Total Program Revenues | 2,678,449 | 2,667,341 | 11,108 |
| General Revenues: | | | |
| Property Taxes Levied for General Purposes | 1,457,569 | 1,415,850 | 41,719 |
| Grants and Entitlements not Restricted to Specific Programs | 3,104,426 | 3,125,913 | (21,487) |
| Contributions not Restricted to Specific Programs | 1,200 | 4,459 | (3,259) |
| Investment Earnings | 11,616 | 32,233 | (20,617) |
| Miscellaneous | 146,072 | 131,767 | 14,305 |
| Total General Revenues | 4,720,883 | 4,710,222 | 10,661 |
| Total Revenues | 7,399,332 | 7,377,563 | 21,769 |
| Program Expenses | | | |
| Instruction: | | | |
| Regular | 3,354,594 | 2,992,023 | 362,571 |
| Special | 870,174 | 929,230 | (59,056) |
| Vocational | 6,233 | 11,774 | (5,541) |
| Support Services: | | | |
| Pupils | 267,534 | 279,103 | (11,569) |
| Instructional Staff | 202,614 | 183,385 | 19,229 |
| Board of Education | 12,795 | 17,200 | (4,405) |
| Administration | 672,174 | 710,242 | (38,068) |
| Fiscal | 297,732 | 320,028 | (22,296) |
| Operation and Maintenance of Plant | 712,951 | 629,938 | 83,013 |
| Pupil Transportation | 283,332 | 153,125 | 130,207 |
| Central | 400 | 758 | (358) |
| Operation of Non-Instructional Services: | | | |
| Food Service Operations | 366,338 | 407,039 | (40,701) |
| Extracurricular Activities | 114,356 | 166,483 | (52,127) |
| Interest and Fiscal Charges | 106,231 | 100,860 | 5,371 |
| Total Expenses | 7,267,458 | 6,901,188 | 366,270 |
| Change in Net Position | 131,874 | 476,375 | (344,501) |
| Net Position at Beginning of Year | 12,474,998 | 11,998,623 | 476,375 |
| Net Position at End of Year | \$12,606,872 | \$12,474,998 | \$131,874 |

NEW BOSTON LOCAL SCHOOL DISTRICT

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

Unaudited

Governmental Activities

Program Revenues increased \$11,108 compared to fiscal year 2020. The increase is due to the School District receiving COVID-19 grant monies during fiscal year 2021. General revenues were \$4,720,883 of total revenues for fiscal year 2021, which is slightly higher than the prior fiscal year due to an increase in delinquent property tax collections.

As should be expected, instruction costs represent the largest of the School District's expenses, \$4,231,001 for fiscal year 2021. The instruction category, however, does not include all activities associated with educating students. Other programs which support the instruction process, including pupils, instructional staff, and pupil transportation account for \$753,480 of governmental expenses. Maintenance of the School District's facilities also represents a significant expense of \$712,951. In total, expenses increased \$366,270. Overall, expenses increased mainly due to the School District giving a three percent base increase in salaries and changes in assumptions and benefits associated with the Statewide pension systems.

The School District's Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$7,414,695 and expenditures of \$6,729,289. The net change in fund balance for the year was most significant in the General Fund with an increase of \$523,761, which is mainly due to revenues continuing to outpace expenditures.

The Bond Retirement Debt Service Fund had an increase in fund balance of \$37,823 during the fiscal year, which is not significant.

General Fund - Budget Highlights

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

During the course of fiscal year 2021, the School District revised its budget as it attempted to deal with unexpected changes in revenues and expenditures. A summary of the General Fund original and final budgeted amounts is listed on page 19, as well as the actual amounts. A variance comparison is presented between the final budgeted amount and the actual amounts.

A review of the budgetary comparison statement for the General Fund reflects an overall increase of \$1,224 between the original budget and final budgeted revenues, which is not significant.

The increase in expenditures from the original to the final budget was \$294,906. This is mostly related to an increase in regular, operation and maintenance of plant, and pupil transportation due to the School District giving a three percent base increase in salaries during the fiscal year.

NEW BOSTON LOCAL SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Capital Assets

At the end of fiscal year 2021, the School District had \$14,913,174 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, and vehicles which represented a decrease of \$582,474. The decrease was mainly due current fiscal year depreciation exceeding asset additions.

For more information on capital assets, refer to Note 10 in the notes to the basic financial statements.

Debt Administration

At June 30, 2021, the School District had \$2,952,947 in total outstanding debt consisting of bonds, accretion on Capital Appreciation Bonds and bond premium on School Facilities Construction and Improvement Bonds. At June 30, 2021, the School District's overall legal debt margin was \$1,232,839 with an unvoted debt margin of \$37,905. For more information on debt administration, refer to Note 16 of the notes to the basic financial statements.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Samantha Hamilton, Treasurer at New Boston Local School District, #1 Glenwood Tiger Trail, New Boston, Ohio 45662, or email samantha.hamilton@nbtigers.net.

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NEW BOSTON LOCAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2021

| | Governmental Activities |
|---|----------------------------|
| <u>Assets:</u> | |
| Equity in Pooled Cash and Cash Equivalents | \$6,067,004 |
| Materials and Supplies Inventory | 411 |
| Inventory Held for Resale | 7,489 |
| Accrued Interest Receivable | 1,895 |
| Intergovernmental Receivable | 132,523 |
| Prepaid Items | 5,846 |
| Property Taxes Receivable | 2,528,199 |
| Net OPEB Asset (See Note 13) | 322,686 |
| Capital Assets: | |
| Land | 29,077 |
| Depreciable Capital Assets, Net | 14,884,097 |
| <i>Total Assets</i> | <u>23,979,227</u> |
| <u>Deferred Outflows of Resources:</u> | |
| Pension | 1,106,235 |
| OPEB | 215,721 |
| <i>Total Deferred Outflows of Resources</i> | <u>1,321,956</u> |
| <u>Liabilities:</u> | |
| Accounts Payable | 34,455 |
| Accrued Wages and Benefits Payable | 348,737 |
| Intergovernmental Payable | 105,480 |
| Accrued Interest Payable | 15,642 |
| Employee Withholding Liability | 49,668 |
| Noncurrent Liabilities: | |
| Long-Term Liabilities: | |
| Due Within One Year | 171,576 |
| Due in More Than One Year: | |
| Net Pension Liability (See Note 12) | 6,104,906 |
| Net OPEB Liability (See Note 13) | 567,514 |
| Other Amounts | 3,128,716 |
| <i>Total Liabilities</i> | <u>10,526,694</u> |
| <u>Deferred Inflows of Resources:</u> | |
| Property Taxes | 1,335,295 |
| Pension | 119,095 |
| OPEB | 713,227 |
| <i>Total Deferred Inflows of Resources</i> | <u>2,167,617</u> |
| <u>Net Position:</u> | |
| Net Investment in Capital Assets | 12,064,149 |
| Restricted for: | |
| Debt Payment | 530,288 |
| Food Service Operations | 161,505 |
| Classroom Facilities Maintenance | 179,050 |
| Athletic Programs | 43,939 |
| Student Activities | 27,802 |
| Local, State and Federal Grants | 433,932 |
| Unrestricted (Deficit) | (833,793) |
| <i>Total Net Position</i> | <u>\$12,606,872</u> |

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2021

| | Expenses | Program Revenues | | Net (Expense) |
|--|--------------------|--------------------------------------|---|--|
| | | Charges for Services and Sales | Operating Grants, Contributions, and Interest | Revenue and Changes in Net Position |
| | | | | Total Governmental Activities |
| <u>Governmental Activities:</u> | | | | |
| Instruction: | | | | |
| Regular | \$3,354,594 | \$1,129,246 | \$199,200 | (\$2,026,148) |
| Special | 870,174 | 0 | 756,724 | (113,450) |
| Vocational | 6,233 | 0 | 3,919 | (2,314) |
| Support Services: | | | | |
| Pupils | 267,534 | 0 | 149,808 | (117,726) |
| Instructional Staff | 202,614 | 0 | 1,435 | (201,179) |
| Board of Education | 12,795 | 0 | 0 | (12,795) |
| Administration | 672,174 | 0 | 0 | (672,174) |
| Fiscal | 297,732 | 0 | 0 | (297,732) |
| Operation and Maintenance of Plant | 712,951 | 0 | 108,223 | (604,728) |
| Pupil Transportation | 283,332 | 0 | 71,519 | (211,813) |
| Central | 400 | 0 | 0 | (400) |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | 366,338 | 2,367 | 229,609 | (134,362) |
| Extracurricular Activities | 114,356 | 18,523 | 7,876 | (87,957) |
| Interest and Fiscal Charges | 106,231 | 0 | 0 | (106,231) |
| Total Governmental Activities | \$7,267,458 | \$1,150,136 | \$1,528,313 | (4,589,009) |
| <u>General Revenues:</u> | | | | |
| Property Taxes Levied for: | | | | |
| | | | | 1,171,805 |
| | | | | 267,045 |
| | | | | 18,719 |
| Grants and Entitlements not Restricted | | | | |
| | | | | 3,104,426 |
| Contributions not Restricted | | | | |
| | | | | 1,200 |
| | | | | 11,616 |
| | | | | 146,072 |
| Total General Revenues | | | | 4,720,883 |
| Change in Net Position | | | | 131,874 |
| Net Position at Beginning of Year | | | | 12,474,998 |
| Net Position at End of Year | | | | \$12,606,872 |

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT

Balance Sheet
Governmental Funds
June 30, 2021

| | General Fund | Bond Retirement Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|--------------------|----------------------------|-----------------------------------|--------------------------------|
| <u>Assets:</u> | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$4,894,113 | \$330,218 | \$841,088 | \$6,065,419 |
| Receivables: | | | | |
| Property Taxes | 2,031,588 | 464,148 | 32,463 | 2,528,199 |
| Intergovernmental | 286 | 0 | 132,237 | 132,523 |
| Accrued Interest | 1,895 | 0 | 0 | 1,895 |
| Interfund | 49,435 | 0 | 0 | 49,435 |
| Prepaid Items | 5,846 | 0 | 0 | 5,846 |
| Materials and Supplies Inventory | 0 | 0 | 411 | 411 |
| Inventory Held for Resale | 0 | 0 | 7,489 | 7,489 |
| Restricted Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | 1,585 | 0 | 0 | 1,585 |
| <i>Total Assets</i> | \$6,984,748 | \$794,366 | \$1,013,688 | \$8,792,802 |
| <u>Liabilities:</u> | | | | |
| Accounts Payable | \$22,536 | \$0 | \$11,919 | \$34,455 |
| Accrued Wages and Benefits Payable | 278,582 | 0 | 70,155 | 348,737 |
| Intergovernmental Payable | 96,435 | 0 | 9,045 | 105,480 |
| Interfund Payable | 0 | 0 | 49,435 | 49,435 |
| Employee Withholding Liability | 40,148 | 0 | 9,520 | 49,668 |
| <i>Total Liabilities</i> | 437,701 | 0 | 150,074 | 587,775 |
| <u>Deferred Inflows of Resources:</u> | | | | |
| Property Taxes | 1,069,473 | 248,436 | 17,386 | 1,335,295 |
| Unavailable Revenue | 897,392 | 199,559 | 84,464 | 1,181,415 |
| <i>Total Deferred Inflows of Resources</i> | 1,966,865 | 447,995 | 101,850 | 2,516,710 |
| <u>Fund Balances:</u> | | | | |
| Nonspendable | 7,431 | 0 | 411 | 7,842 |
| Restricted | 0 | 346,371 | 793,014 | 1,139,385 |
| Assigned | 203,641 | 0 | 0 | 203,641 |
| Unassigned (Deficit) | 4,369,110 | 0 | (31,661) | 4,337,449 |
| <i>Total Fund Balances</i> | 4,580,182 | 346,371 | 761,764 | 5,688,317 |
| <i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i> | \$6,984,748 | \$794,366 | \$1,013,688 | \$8,792,802 |

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT
 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2021

Total Governmental Fund Balances \$5,688,317

***Amounts reported for governmental activities in the
 Statement of Net Position are different because:***

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

| | | |
|--------------------------|-------------|------------|
| Land | 29,077 | |
| Other capital assets | 21,054,962 | |
| Accumulated depreciation | (6,170,865) | |
| Total | | 14,913,174 |

Some of the School District's revenues will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds.

| | | |
|---------------------------|-----------|-----------|
| Delinquent property taxes | 1,110,651 | |
| Intergovernmental | 70,525 | |
| Interest | 239 | |
| Total | | 1,181,415 |

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (15,642)

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

| | | |
|-----------------------------|-------------|-------------|
| Net OPEB Asset | 322,686 | |
| Deferred Outflows - Pension | 1,106,235 | |
| Deferred Outflows - OPEB | 215,721 | |
| Net Pension Liability | (6,104,906) | |
| Net OPEB Liability | (567,514) | |
| Deferred Inflows - Pension | (119,095) | |
| Deferred Inflows - OPEB | (713,227) | |
| Total | | (5,860,100) |

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

| | | |
|---|-------------|-------------|
| Bonds Payable | (2,525,000) | |
| Accretion on Capital Appreciation Bonds | (103,922) | |
| Premium on general obligation bonds | (324,025) | |
| Compensated absences | (347,345) | |
| Total | | (3,300,292) |

Net Position of Governmental Activities \$12,606,872

See accompanying notes to the basic financial statements

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

| | General Fund | Bond Retirement Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|--------------------|----------------------------|-----------------------------------|--------------------------------|
| <u>Revenues:</u> | | | | |
| Property Taxes | \$1,131,604 | \$263,441 | \$18,211 | \$1,413,256 |
| Intergovernmental | 3,489,236 | 15,345 | 1,179,831 | 4,684,412 |
| Investment Earnings | 10,403 | 564 | 776 | 11,743 |
| Tuition and Fees | 1,081,246 | 0 | 0 | 1,081,246 |
| Extracurricular Activities | 0 | 0 | 18,523 | 18,523 |
| Rent | 48,000 | 0 | 0 | 48,000 |
| Charges for Services | 0 | 0 | 2,367 | 2,367 |
| Contributions and Donations | 1,200 | 0 | 7,876 | 9,076 |
| Miscellaneous | 143,988 | 0 | 2,084 | 146,072 |
| <i>Total Revenues</i> | <u>5,905,677</u> | <u>279,350</u> | <u>1,229,668</u> | <u>7,414,695</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 2,775,641 | 0 | 221,329 | 2,996,970 |
| Special | 520,778 | 0 | 321,860 | 842,638 |
| Vocational | 4,850 | 0 | 0 | 4,850 |
| Support Services: | | | | |
| Pupils | 209,306 | 0 | 32,864 | 242,170 |
| Instructional Staff | 172,457 | 0 | 2,495 | 174,952 |
| Board of Education | 12,795 | 0 | 0 | 12,795 |
| Administration | 630,082 | 0 | 4,398 | 634,480 |
| Fiscal | 281,446 | 6,277 | 432 | 288,155 |
| Operation and Maintenance of Plant | 526,052 | 0 | 124,494 | 650,546 |
| Pupil Transportation | 173,207 | 0 | 64,099 | 237,306 |
| Central | 400 | 0 | 0 | 400 |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | 0 | 0 | 307,795 | 307,795 |
| Extracurricular Activities | 74,902 | 0 | 26,080 | 100,982 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 140,000 | 0 | 140,000 |
| Interest and Fiscal Charges | 0 | 95,250 | 0 | 95,250 |
| <i>Total Expenditures</i> | <u>5,381,916</u> | <u>241,527</u> | <u>1,105,846</u> | <u>6,729,289</u> |
| <i>Net Change in Fund Balances</i> | 523,761 | 37,823 | 123,822 | 685,406 |
| <i>Fund Balances at Beginning of Year</i> | <u>4,056,421</u> | <u>308,548</u> | <u>637,942</u> | <u>5,002,911</u> |
| <i>Fund Balances at End of Year</i> | <u>\$4,580,182</u> | <u>\$346,371</u> | <u>\$761,764</u> | <u>\$5,688,317</u> |

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT
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 \$685,406

*Amounts reported for governmental activities in the
Statement of Activities are different because:*

Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

| | | |
|--|-----------|-----------|
| Capital asset additions | 36,641 | |
| Depreciation expense | (619,101) | |
| Excess of depreciation expense over capital outlay | | (582,460) |

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

| | | |
|------------------------------------|--|------|
| Loss on disposal of capital assets | | (14) |
|------------------------------------|--|------|

Because some revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are therefore recorded as deferred inflows of resources in the governmental funds. Deferred inflows of resources changed by these amounts this fiscal year:

| | | |
|---------------------------|----------|----------|
| Delinquent property taxes | 44,313 | |
| Intergovernmental | (59,915) | |
| Interest | 239 | |
| Total | | (15,363) |

Accretion and amortization of bond premiums and accrued interest payable on the bonds are not reported in the funds, but are allocated as an expense over the life of the debt in the Statement of Activities.

| | | |
|------------------------------|----------|----------|
| Amortization of bond premium | 20,573 | |
| Accretion on Bonds | (32,020) | |
| Decrease in Accrued Interest | 466 | |
| Total | | (10,981) |

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. In the current year, these amounts consist of:

| | | |
|---------------|--|---------|
| Bond payments | | 140,000 |
|---------------|--|---------|

Contractually required contributions are reported as expenditures in governmental funds; however, the Statement of Net Position reports these amounts as deferred outflows.

| | | |
|---------|---------|---------|
| Pension | 463,751 | |
| OPEB | 17,463 | |
| Total | | 481,214 |

Except for the amounts reported as deferred inflows/outflows, changes in net position liability (asset) are reported as pension expense in the Statement of Activities.

| | | |
|---------|-----------|-----------|
| Pension | (654,040) | |
| OPEB | 25,042 | |
| Total | | (628,998) |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

| | | |
|--|--|--------|
| Decrease in compensated absences payable | | 63,070 |
|--|--|--------|

Change in Net Position of Governmental Activities \$131,874

See accompanying notes to the basic financial statements

NEW BOSTON LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2021

| | Budget Amounts | | Actual | Variance With Final Budget Over/(Under) |
|---|----------------|-------------|-------------|---|
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Property Taxes | \$1,090,500 | \$1,122,774 | \$1,122,774 | \$0 |
| Intergovernmental | 3,515,664 | 3,492,837 | 3,492,837 | 0 |
| Investment Earnings | 18,100 | 9,225 | 9,225 | 0 |
| Tuition and Fees | 1,061,600 | 1,081,246 | 1,081,246 | 0 |
| Rent | 48,000 | 48,000 | 48,000 | 0 |
| Contributions and Donations | 30,400 | 1,200 | 1,200 | 0 |
| Miscellaneous | 110,585 | 120,791 | 120,791 | 0 |
| <i>Total Revenues</i> | 5,874,849 | 5,876,073 | 5,876,073 | 0 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 2,619,424 | 2,836,787 | 2,836,787 | 0 |
| Special | 567,605 | 530,314 | 530,314 | 0 |
| Vocational | 12,116 | 4,850 | 4,850 | 0 |
| Support Services: | | | | |
| Pupils | 270,242 | 206,701 | 206,701 | 0 |
| Instructional Staff | 158,380 | 173,695 | 173,695 | 0 |
| Board of Education | 16,148 | 39,987 | 39,987 | 0 |
| Administration | 627,720 | 640,126 | 640,126 | 0 |
| Fiscal | 267,208 | 285,973 | 285,973 | 0 |
| Operation and Maintenance of Plant | 569,315 | 622,507 | 622,507 | 0 |
| Pupil Transportation | 128,299 | 188,480 | 188,480 | 0 |
| Central | 781 | 400 | 400 | 0 |
| Extracurricular Activities | 74,569 | 76,893 | 76,893 | 0 |
| <i>Total Expenditures</i> | 5,311,807 | 5,606,713 | 5,606,713 | 0 |
| <i>Excess of Revenues Over Expenditures</i> | 563,042 | 269,360 | 269,360 | 0 |
| <u>Other Financing Sources (Uses):</u> | | | | |
| Refund of Prior Year Expenditures | 30,885 | 23,197 | 23,197 | 0 |
| Advances In | 22,600 | 53,409 | 53,409 | 0 |
| Advances Out | (55,012) | (49,435) | (49,435) | 0 |
| Refund of Prior Year Receipts | (8,696) | 0 | 0 | 0 |
| <i>Total Other Financing Sources (Uses)</i> | (10,223) | 27,171 | 27,171 | 0 |
| <i>Net Change in Fund Balance</i> | 552,819 | 296,531 | 296,531 | 0 |
| <i>Fund Balance at Beginning of Year</i> | 4,217,702 | 4,217,702 | 4,217,702 | 0 |
| <i>Prior Year Encumbrances Appropriated</i> | 103,107 | 103,107 | 103,107 | 0 |
| <i>Fund Balance at End of Year</i> | \$4,873,628 | \$4,617,340 | \$4,617,340 | \$0 |

See accompanying notes to the basic financial statements

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NEW BOSTON LOCAL SCHOOL DISTRICT

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The New Boston Local School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The School District was established in 1906 through the consolidation of existing land areas and school districts. The School District serves an area of approximately six square miles. It is located in Scioto County, and includes all of the Village of New Boston. It is staffed by 26 non-certificated employees, 32 certificated teaching personnel and five administrative employees who provide services to 401 students and other community members. The School District currently operates one instructional building, one stadium, and one garage.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District participates in four organizations, one of which is defined as a jointly governed organization, two public entity shared risk pools, and one as an insurance purchasing pool. These organizations are presented in Note 18 to the basic financial statements.

Jointly Governed Organization:

Metropolitan Educational Technology Association (META)

Public Entity Shared Risk Pools:

Optimal Health Initiatives Consortium

Schools of Ohio Risk Sharing Authority

Insurance Purchasing Pool:

Ohio SchoolComp Workers’ Compensation Group Rating Plan

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide statements normally distinguish between those activities that are governmental and those that are considered business-type activities; however, the School District has no business-type activities.

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

Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Non major funds are aggregated and presented in a single column.

Fund Accounting

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

Governmental Funds

Governmental funds are those through which most governmental functions of the School District 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 and deferred inflows of resources are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

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

Bond Retirement Fund – The Bond Retirement Debt Service Fund is established to account for the accumulation of resources for, and the payment of, general obligation bond principal and interest and certain other long-term obligations when the School District is obligated for the payment.

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

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities reports increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

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

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 the financial statements of the fiduciary fund are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

NEW BOSTON LOCAL SCHOOL DISTRICT

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

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means that the amount of the transaction can be determined, and “available” means that the resources are collectible 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 School District, available means expected to be received within 60 days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available for advance and grants.

Deferred Outflows/Inflows of Resources:

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported in the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources included property taxes, pension and OPEB plans 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 the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities found on page 16. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide Statement of Net Position (See Notes 12 and 13).

NEW BOSTON LOCAL SCHOOL DISTRICT

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

Expenses/Expenditures

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

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 the governmental funds.

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. The School District holds money for unclaimed monies presented as "Restricted Assets: Equity in Pooled Cash and Cash Equivalents."

During fiscal year 2021, the School District's investments were limited to a Money Market Mutual Fund and negotiable certificates of deposit. Investments are reported at fair value which is based on quoted market prices.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2021 amounted to \$10,403, which includes \$928 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions. Restricted assets represent cash and cash equivalents held as unclaimed monies.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable/Interfund Payable". Interfund balances are eliminated on the Statement of Net Position.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and purchased food held for resale.

Capital Assets

The School District’s only capital assets are general capital assets. General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by back-trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The capitalization threshold is \$1,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

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

| <u>Description</u> | <u>Estimated Lives</u> |
|-----------------------------------|------------------------|
| Land Improvements | 25 - 50 years |
| Buildings and Improvements | 20 - 50 years |
| Furniture, Fixtures and Equipment | 10 - 20 years |
| Vehicles | 5 - 10 years |

Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District’s past experience of making termination payments.

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 governmental funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in

NEW BOSTON LOCAL SCHOOL DISTRICT

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

the current fiscal year. 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. Bonds that will be paid from governmental funds are recognized as an expenditure and liability on the governmental fund financial statements when due.

Pensions/Other Postemployment Benefits (OPEB)

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

Fund Balance

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

Nonspendable

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

Restricted

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

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School 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 School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the Board of Education. In the general fund, assigned amounts represent intended uses established by the Board of Education or a School District official delegated that authority by resolution or by State Statute. State Statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Treasurer has been given authority to assign amounts for these purposes by the School District Board of Education.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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 fund balance.

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, classroom facilities maintenance, Federal and State grants restricted to expenditures for specified purposes, and athletic programs.

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

Internal 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 and are eliminated from the Statement of Activities. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Budgetary Process

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

NEW BOSTON LOCAL SCHOOL DISTRICT

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

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as final budgeted amounts reflect the amounts in the amended certificate requested at fiscal year-end. Before fiscal year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year-end in all funds.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including all supplemental appropriations. Prior to fiscal year-end, the School District passed a supplemental appropriation that reflected actual expenditures plus encumbrances for the fiscal year.

Bond Premiums and Compounded Interest on Capital Appreciation Bonds

For governmental activities, bond premiums are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Capital appreciation bonds are accreted each fiscal year for the compounded interest accrued during the fiscal year. Bond premiums and the compounded interest on the capital appreciation bonds are presented as an addition to the face amount of the bonds payable.

On the governmental fund financial statements, bond premiums are recognized in the period in which the bonds were issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent. Accretion on the capital appreciation bonds is not reported. Interest on the capital appreciation bonds is recorded as an expenditure when the debt becomes due.

Estimates

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

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

Change in Accounting Principles

For fiscal year 2021, the School District implemented the Governmental Accounting Standards Board's *Implementation Guide Nos. 2019-1 and 2019-3*. These changes were incorporated in the School District's fiscal year 2021 financial statements; however, there was no effect on beginning net position/fund balance.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

NOTE 4 - ACCOUNTABILITY

At June 30, 2021, the following nonmajor special revenue funds had deficit fund balances:

| <u>Funds</u> | <u>Amounts</u> |
|---|-----------------|
| Elementary and Secondary School Emergency Relief Fund | \$19,974 |
| Title VI-B Fund | 3,840 |
| Early Childhood Education Fund | 7,847 |
| Total | <u>\$31,661</u> |

The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The fund balance deficits were due to accruals in GAAP.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Budget Basis) is presented for the General Fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed, or assigned fund balance (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Investments are recorded at fair value (GAAP basis) rather than cost (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

| <u>Net Change in Fund Balance</u> | |
|---|-------------------------|
| GAAP Basis | \$523,761 |
| Adjustments: | |
| Revenue Accruals | (4,671) |
| Expenditure Accruals | 1,438 |
| Increase in Fair Value of Investments - 2021 | (11,975) |
| Increase in Fair Value of Investments - 2020 | 10,239 |
| Advances | 3,974 |
| Encumbrances | <u>(226,235)</u> |
| Budget Basis | <u><u>\$296,531</u></u> |

NOTE 6 - DEPOSITS AND INVESTMENTS

Monies held by the School District are classified by State statute into three categories.

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

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

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

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

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

NEW BOSTON LOCAL SCHOOL DISTRICT

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

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

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

Investments

Investments are reported at fair value. As of June 30, 2021, the School District had the following investments:

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

| <u>Measurement/Investment</u> | <u>Measurement Amount</u> | <u>Maturity</u> | <u>Standard & Poor's Rating</u> | <u>Percent of Total Investments</u> |
|------------------------------------|-------------------------------|----------------------|---|---|
| Fair Value - Level 1 Inputs: | | | | |
| Money Market Mutual Fund | \$675 | Less than one year | N/A | N/A |
| Fair Value - Level 2 Inputs: | | | | |
| Negotiable Certificates of Deposit | <u>612,258</u> | Less than five years | N/A | 99.9% |
| Total Investments | <u>\$612,933</u> | | | |

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the School District's recurring fair value measurements as of June 30, 2021. The Money Market Mutual Fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Interest Rate Risk

As a means of limiting its exposure to fair value losses caused by rising interest rates, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. To date, no investments have been purchased with a life greater than five years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Standard and Poor's ratings for the School District's investments are listed in the table above. Ohio law requires that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District has no policy on credit risk beyond the requirements in State statutes.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policy does not address this risk beyond the requirements in State Statutes.

NEW BOSTON LOCAL SCHOOL DISTRICT

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

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School 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 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2021 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 calendar year 2021 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

Accrued property taxes receivable includes real property, public utility property which are measurable as of June 30, 2021, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows – property taxes.

The amount available as an advance at June 30, 2021, was \$64,962 in the General Fund, \$1,138 in the Classroom Facilities Maintenance Fund, and \$16,153 in the Bond Retirement Fund. The amount available as an advance at June 30, 2020, was \$56,132 in the General Fund, \$985 in the Classroom Facilities Maintenance Fund, and \$14,642 in the Bond Retirement Fund.

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

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

| | 2020 Second- Half Collections | | 2021 First- Half Collections | |
|-------------------------|----------------------------------|----------------|---------------------------------|----------------|
| | Amount | Percent | Amount | Percent |
| Real Estate | \$28,759,770 | 73.96% | \$27,590,540 | 72.79% |
| Public Utility Personal | 10,124,330 | 26.04% | 10,314,660 | 27.21% |
| Total Assessed Value | <u>\$38,884,100</u> | <u>100.00%</u> | <u>\$37,905,200</u> | <u>100.00%</u> |

| | | |
|---|---------|---------|
| Tax rate per \$1,000 of assessed valuation | \$41.45 | \$41.45 |
|---|---------|---------|

NOTE 8 – TAX ABATEMENTS

School District property taxes were reduced by \$46,072 for fiscal year 2021 under a Community Reinvestment Area agreement that was entered into by the Village of New Boston with Infra-Metals Co. The abatement will last for 10 years with a 75 percent abatement of property taxes.

NOTE 9 - RECEIVABLES

Receivables at June 30, 2021, consisted of property taxes, intergovernmental grants, accrued interest and interfund. 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. All receivables, except for delinquent property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

| | Amounts |
|--|------------------|
| <u>Governmental Activities:</u> | |
| Title I | \$62,942 |
| IDEA-B | 46,761 |
| High Schools That Work Grant | 2,560 |
| Elementary and Secondary School Emergency Relief Grant | 19,974 |
| State Foundation Adjustment | 286 |
| Total Intergovernmental Receivables | <u>\$132,523</u> |

NOTE 10 - CAPITAL ASSETS

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

| | Balance at 6/30/20 | Additions | Deductions | Balance at 6/30/21 |
|---|-----------------------|-------------|------------|-----------------------|
| <u>Governmental Activities:</u> | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$29,077 | \$0 | \$0 | \$29,077 |
| Capital Assets Being Depreciated: | | | | |
| Land Improvements | 642,617 | 0 | 0 | 642,617 |
| Buildings and Improvements | 18,304,994 | 0 | 0 | 18,304,994 |
| Furniture, Fixtures and Equipment | 1,692,182 | 36,641 | 0 | 1,728,823 |
| Vehicles | 412,386 | 0 | (33,858) | 378,528 |
| Total Capital Assets Being Depreciated | 21,052,179 | 36,641 | (33,858) | 21,054,962 |
| Less Accumulated Depreciation: | | | | |
| Land Improvements | (263,437) | (30,674) | 0 | (294,111) |
| Buildings and Improvements | (3,922,717) | (480,168) | 0 | (4,402,885) |
| Furniture, Fixtures and Equipment | (1,083,647) | (93,241) | 0 | (1,176,888) |
| Vehicles | (315,807) | (15,018) | 33,844 | (296,981) |
| Total Accumulated Depreciation | (5,585,608) | (619,101) * | 33,844 | (6,170,865) |
| Total Capital Assets Being Depreciated, Net | 15,466,571 | (582,460) | (14) | 14,884,097 |
| Governmental Activities Capital Assets, Net | \$15,495,648 | (\$582,460) | (\$14) | \$14,913,174 |

* Depreciation expense was charged to governmental functions as follows:

| | |
|--|------------------|
| Instruction: | |
| Regular | \$314,067 |
| Special | 17,519 |
| Vocational | 1,383 |
| Support Services: | |
| Pupils | 18,384 |
| Instructional Staff | 21,282 |
| Administration | 68,412 |
| Fiscal | 17,682 |
| Operation and Maintenance of Plant | 46,608 |
| Pupil Transportation | 44,312 |
| Operation of Non-Instructional Services: | |
| Food Service Operations | 56,078 |
| Extracurricular Activities | 13,374 |
| Total Depreciation Expense | <u>\$619,101</u> |

NEW BOSTON LOCAL SCHOOL DISTRICT

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

NOTE 11 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the School District contracted with Schools of Ohio Risk Sharing Authority (SORSA) (Note 18) for property and fleet insurance.

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

The School District participates in the Optimal Health Initiatives Consortium (the “Consortium”), a public entity shared risk pool (Note 18), consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District’s behalf.

For fiscal year 2021, the School District participated in the Ohio SchoolComp Workers’ Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers’ compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers’ compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP’s selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP. Each year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability

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

The net pension/OPEB liability (asset) represent the School 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.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

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

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

The proportionate share of each plan’s unfunded benefits is presented as a net OPEB asset or long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

NEW BOSTON LOCAL SCHOOL DISTRICT

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$130,476 for fiscal year 2021. Of this amount, \$4,476 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$333,275 for fiscal year 2021. Of this amount, \$78,345 is reported as an intergovernmental 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 School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

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Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|---|--------------------|---------------------|--------------|
| Proportion of the Net Pension Liability | | | |
| Current Measurement Date | 0.02513220% | 0.01836059% | |
| Proportion of the Net Pension Liability | | | |
| Prior Measurement Date | <u>0.02494380%</u> | <u>0.01840481%</u> | |
| Change in Proportionate Share | <u>0.00018840%</u> | <u>-0.00004422%</u> | |
| | | | |
| Proportionate Share of the Net | | | |
| Pension Liability | \$1,662,297 | \$4,442,609 | \$6,104,906 |
| Pension Expense | \$206,811 | \$447,229 | \$654,040 |

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

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|--|------------------|------------------|--------------------|
| Deferred Outflows of Resources: | | | |
| Differences between expected and actual experience | \$3,229 | \$9,968 | \$13,197 |
| Changes of assumptions | 0 | 238,483 | 238,483 |
| Net difference between projected and actual earnings on pension plan investments | 105,522 | 216,045 | 321,567 |
| Changes in proportionate Share and difference between School District contributions and proportionate share of contributions | 22,358 | 46,879 | 69,237 |
| School District contributions subsequent to the measurement date | <u>130,476</u> | <u>333,275</u> | <u>463,751</u> |
| Total Deferred Outflows of Resources | <u>\$261,585</u> | <u>\$844,650</u> | <u>\$1,106,235</u> |
| | | | |
| Deferred Inflows of Resources: | | | |
| Differences between expected and actual experience | \$0 | \$28,407 | \$28,407 |
| Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions | <u>0</u> | <u>90,688</u> | <u>90,688</u> |
| Total Deferred Inflows of Resources | <u>\$0</u> | <u>\$119,095</u> | <u>\$119,095</u> |

\$463,751 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|-----------------------------|------------------|------------------|------------------|
| Fiscal Year Ending June 30: | | | |
| 2022 | \$19,753 | \$89,319 | \$109,072 |
| 2023 | 34,334 | 74,391 | 108,725 |
| 2024 | 43,984 | 134,129 | 178,113 |
| 2025 | <u>33,038</u> | <u>94,441</u> | <u>127,479</u> |
| Total | <u>\$131,109</u> | <u>\$392,280</u> | <u>\$523,389</u> |

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Actuarial Assumptions - SERS

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

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

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

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

| | |
|--|---|
| Inflation | 3.00 percent |
| Future Salary Increases, including inflation | 3.50 percent to 18.20 percent |
| COLA or Ad Hoc COLA | 2.5 percent |
| Investment Rate of Return | 7.50 percent net of investment expense, including inflation |
| Actuarial Cost Method | Entry Age Normal (Level Percent of Payroll) |

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

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

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

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

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

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

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|--|------------------------|-------------------------------------|------------------------|
| School District's proportionate share of the net pension liability | \$2,277,143 | \$1,662,297 | \$1,146,429 |

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:

| | |
|--------------------------------------|--|
| Inflation | 2.50 percent |
| Projected salary increases | 12.50 percent at age 20 to 2.50 percent at age 65 |
| Investment Rate of Return | 7.45 percent, net of investment expenses, including inflation |
| Discount Rate of Return | 7.45 percent |
| Payroll Increases | 3 percent |
| Cost-of-Living Adjustments (COLA) | 0.0 percent, effective July 1, 2017 |

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

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

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

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

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

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

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

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Notes to the Basic Financial Statements

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| | 1% Decrease (6.45%) | Current Discount Rate (7.45%) | 1% Increase (8.45%) |
|---|------------------------|-------------------------------------|------------------------|
| School District's proportionate share of the net pension liability | \$6,325,502 | \$4,442,609 | \$2,847,014 |

NOTE 13 – DEFINED BENEFIT OPEB PLANS

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

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$17,463.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$17,463 for fiscal year 2021, all of which is reported as an intergovernmental payable.

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Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|--------------------------------------|--------------------|---------------------|--------------|
| Proportion of the Net OPEB Liability | | | |
| Current Measurement Date | 0.02611270% | 0.01836059% | |
| Proportion of the Net OPEB Liability | | | |
| Prior Measurement Date | <u>0.02553090%</u> | <u>0.01840481%</u> | |
| Change in Proportionate Share | <u>0.00058180%</u> | <u>-0.00004422%</u> | |
| Proportionate Share of the: | | | |
| Net OPEB Liability | \$567,514 | \$0 | \$567,514 |
| Net OPEB (Asset) | \$0 | (\$322,686) | (\$322,686) |
| OPEB Expense | \$2,214 | (\$27,256) | (\$25,042) |

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

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| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|--|------------------|------------------|------------------|
| Deferred Outflows of Resources: | | | |
| Differences between expected and actual experience | \$7,454 | \$20,676 | \$28,130 |
| Changes of assumptions | 96,742 | 5,327 | 102,069 |
| Net difference between projected and actual earnings on pension plan investments | 6,394 | 11,309 | 17,703 |
| Changes in proportionate Share and difference between School District contributions and proportionate share of contributions | 48,480 | 1,876 | 50,356 |
| School District contributions subsequent to the measurement date | <u>17,463</u> | <u>0</u> | <u>17,463</u> |
| Total Deferred Outflows of Resources | <u>\$176,533</u> | <u>\$39,188</u> | <u>\$215,721</u> |
| Deferred Inflows of Resources: | | | |
| Differences between expected and actual experience | \$288,621 | \$64,274 | \$352,895 |
| Changes of assumptions | 14,294 | 306,498 | 320,792 |
| Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions | <u>13,051</u> | <u>26,489</u> | <u>39,540</u> |
| Total Deferred Inflows of Resources | <u>\$315,966</u> | <u>\$397,261</u> | <u>\$713,227</u> |

\$17,463 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the 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:

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|-----------------------------|--------------------|--------------------|--------------------|
| Fiscal Year Ending June 30: | | | |
| 2022 | (\$32,190) | (\$91,396) | (\$123,586) |
| 2023 | (31,728) | (83,741) | (115,469) |
| 2024 | (31,804) | (81,059) | (112,863) |
| 2025 | (28,928) | (71,922) | (100,850) |
| 2026 | (22,979) | (14,352) | (37,331) |
| Thereafter | <u>(9,267)</u> | <u>(15,603)</u> | <u>(24,870)</u> |
| Total | <u>(\$156,896)</u> | <u>(\$358,073)</u> | <u>(\$514,969)</u> |

Actuarial Assumptions - SERS

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

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

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

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

| | |
|--|---|
| Inflation | 3.00 percent |
| Wage Increases | 3.50 percent to 18.20 percent |
| Investment Rate of Return | 7.50 percent net of investment expense, including inflation |
| Municipal Bond Index Rate: | |
| Measurement Date | 2.45 percent |
| Prior Measurement Date | 3.13 percent |
| Single Equivalent Interest Rate, net of plan investment expense, including price inflation | |
| Measurement Date | 2.63 percent |
| Prior Measurement Date | 3.22 percent |
| Medical Trend Assumption | |
| Medicare | 5.25 to 4.75 percent |
| Pre-Medicare | 7.00 to 4.75 percent |

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

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

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

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The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and 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.

| | 1% Decrease <u>(1.63%)</u> | Current Discount Rate <u>(2.63%)</u> | 1% Increase <u>(3.63%)</u> |
|--|-------------------------------|--|-------------------------------|
| School District's proportionate share of the net OPEB liability | \$694,624 | \$567,514 | \$466,463 |

| | 1% Decrease <u>(6.00 % decreasing to 3.75 %)</u> | Current Trend Rate <u>(7.00 % decreasing to 4.75 %)</u> | 1% Increase <u>(8.00 % decreasing to 5.75 %)</u> |
|--|---|---|---|
| School District's proportionate share of the net OPEB liability | \$446,874 | \$567,514 | \$728,841 |

Actuarial Assumptions – STRS

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

NEW BOSTON LOCAL SCHOOL DISTRICT

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

| | |
|----------------------------|--|
| Projected salary increases | 12.50 percent at age 20 to 2.50 percent at age 65 |
| Investment Rate of Return | 7.45 percent, net of investment expenses, including inflation |
| Payroll Increases | 3 percent |
| Discount Rate of Return | 7.45 percent |
| Health Care Cost Trends | |
| Medical | |
| Pre-Medicare | 5.00 percent initial, 4 percent ultimate |
| Medicare | -6.69 percent initial, 4 percent ultimate |
| Prescription Drug | |
| Pre-Medicare | 6.50 percent initial, 4 percent ultimate |
| Medicare | 11.87 initial, 4 percent ultimate |

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

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

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

Since the prior measurement date, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021, premium based on June 30, 2020, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021, from 1.984 percent to 2.055 percent 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 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

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

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

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

| | <u>1% Decrease (6.45%)</u> | <u>Current Discount Rate (7.45%)</u> | <u>1% Increase (8.45%)</u> |
|--|--------------------------------|--|--------------------------------|
| School District's proportionate share of the net OPEB asset | (\$280,759) | (\$322,686) | (\$358,262) |

| | <u>1% Decrease</u> | <u>Current Trend Rate</u> | <u>1% Increase</u> |
|--|--------------------|-------------------------------|--------------------|
| School District's proportionate share of the net OPEB asset | (\$356,054) | (\$322,686) | (\$282,042) |

NOTE 14 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from Board approved employment contracts and State laws. Eligible classified employees and administrators earn 10 to 20 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Unlimited sick leave may be accumulated for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 53 days for all employees.

Special Termination Benefits

Any employee who retires may be given an additional severance payment. Employees who have accumulated more than 212 sick leave days receive an additional amount at the rate of .0008 percent of their current annual salary for each day accumulated in excess of 212 days. Benefits will be paid upon retirement. For fiscal year 2021, no employees were eligible for this benefit.

Insurance Benefits

The School District provides life insurance to its employees through Metropolitan Education Council (MEC). The School District also provides health care and dental coverage for its employees with Anthem through the Optimal Health Initiatives Consortium, and vision benefits through Vision Service Plan.

Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

NEW BOSTON LOCAL SCHOOL DISTRICT

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

NOTE 15 - OPERATING LEASE - LESSOR DISCLOSURE

During fiscal year 2010, the School District entered into an operating lease with Nextel Spectrum Acquisition Corporation (Nextel) for the right to use the School District's four Educational Broadband Service channels. The lease automatically renews in five year increments, which includes an increase in the monthly lease payments for each five year renewal. The monthly lease payment and one-time lump sum payment is refundable to Nextel on a pro rata basis if the contract is terminated, or the bandwidth, megahertz, Geographical Service Area (GSA) and population decreases during the life of the lease. The lease payments to the School District are received into the General Fund. During fiscal year 2021, the School District received \$48,000 in lease payments.

NOTE 16 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2021 were as follows:

| | Amount Outstanding 6/30/2020 | Additions | Deductions | Amount Outstanding 6/30/2021 | Amount Due Within One Year |
|-------------------------------------|------------------------------------|------------------|------------------|------------------------------------|----------------------------------|
| Governmental Activities: | | | | | |
| 2016 Refunding General | | | | | |
| Obligation Bonds - 2.0% to 4.0% | | | | | |
| Serial Bonds | \$730,000 | \$0 | \$140,000 | \$590,000 | \$145,000 |
| Term Bonds | 1,910,000 | 0 | 0 | 1,910,000 | 0 |
| Capital Appreciation Bonds | 25,000 | 0 | 0 | 25,000 | 0 |
| Accretion on Capital Appreciation | | | | | |
| Bonds | 71,902 | 32,020 | 0 | 103,922 | 0 |
| Unamortized Premium | 344,598 | 0 | 20,573 | 324,025 | 0 |
| Total General Obligation Bonds | <u>3,081,500</u> | <u>32,020</u> | <u>160,573</u> | <u>2,952,947</u> | <u>145,000</u> |
| Net Pension Liability: | | | | | |
| SERS | 1,492,431 | 169,866 | 0 | 1,662,297 | 0 |
| STRS | 4,070,113 | 372,496 | 0 | 4,442,609 | 0 |
| Total Net Pension Liability | <u>5,562,544</u> | <u>542,362</u> | <u>0</u> | <u>6,104,906</u> | <u>0</u> |
| Net OPEB Liability: | | | | | |
| SERS | 642,049 | 0 | 74,535 | 567,514 | 0 |
| Compensated Absences | 410,415 | 77,209 | 140,279 | 347,345 | 26,576 |
| Total General Long-Term Obligations | <u>\$9,696,508</u> | <u>\$651,591</u> | <u>\$375,387</u> | <u>\$9,972,712</u> | <u>\$171,576</u> |

On April 4, 2016, the School District issued \$2,935,000 in Series 2016 refunding bonds in order to refund the 2009 School Improvement General Obligation Bonds in order to take advantage of lower interest rates. These bonds are paid from the Debt Service Fund and will mature on November 1, 2036. The bond issue included serial, term, and capital appreciation bonds, in the amount of \$1,000,000, \$1,910,000, and \$25,000, respectively. At June 30, 2021, the refunded bonds were paid off.

The term bonds issued at \$1,910,000 and maturing on November 1, 2027, through November 1, 2036, are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption, on November 1, in the years and in the respective principal amounts as follows:

NEW BOSTON LOCAL SCHOOL DISTRICT

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

| Fiscal Year | Amount |
|-------------|--------------------|
| 2028 | \$165,000 |
| 2029 | 165,000 |
| 2030 | 175,000 |
| 2031 | 175,000 |
| 2032 | 185,000 |
| 2033 | 195,000 |
| 2034 | 200,000 |
| 2035 | 210,000 |
| 2036 | 215,000 |
| 2037 | 225,000 |
| Total | <u>\$1,910,000</u> |

The capital appreciation bonds, issued at \$25,000, are not subject to prior redemption. The fiscal year 2021 accretion amount was \$32,020. The remaining capital appreciation bonds will mature November 1, 2023, and November 1, 2024, as follows:

| Fiscal Year | Maturity Amount |
|-------------|------------------|
| 2024 | \$145,000 |
| 2025 | 150,000 |
| Total | <u>\$295,000</u> |

Principal and interest requirements to retire the School District's outstanding debt at June 30, 2021, are as follows:

| Fiscal Year Ending June 30, | General Obligation Bonds | | | | | |
|--------------------------------|--------------------------|------------------|--------------------|------------------|----------------------------|------------------|
| | Serial Bonds | | Term Bonds | | Capital Appreciation Bonds | |
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2022 | \$145,000 | \$91,675 | \$0 | \$0 | \$0 | \$0 |
| 2023 | 140,000 | 87,400 | 0 | 0 | 0 | 0 |
| 2024 | 0 | 85,300 | 0 | 0 | 10,000 | 135,000 |
| 2025 | 0 | 85,300 | 0 | 0 | 15,000 | 135,000 |
| 2026 | 150,000 | 82,300 | 0 | 0 | 0 | 0 |
| 2027-2031 | 155,000 | 76,200 | 680,000 | 248,700 | 0 | 0 |
| 2032-2036 | 0 | 0 | 1,005,000 | 148,500 | 0 | 0 |
| 2037 | 0 | 0 | 225,000 | 4,500 | 0 | 0 |
| Totals | <u>\$590,000</u> | <u>\$508,175</u> | <u>\$1,910,000</u> | <u>\$401,700</u> | <u>\$25,000</u> | <u>\$270,000</u> |

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

There is no repayment schedule for the net pension and net OPEB liabilities. However, employer pension contributions are made from the following funds: General, Food Service, Early Childhood, Title VI-B, Title I, and Title IIA. For additional information related to the net pension and net OPEB liabilities see Notes 12 and 13. Compensated absences and special termination benefits will be paid from the General Fund.

The School District's overall legal debt margin was \$1,232,839 with an unvoted debt margin of \$37,905 at June 30, 2021.

NOTE 17 - INTERFUND ACTIVITY

Advances

As of June 30, 2021, receivables and payables that resulted from various interfund transactions were as follows:

| | | Receivable |
|---------|-----------------------------|---------------------|
| | | <u>General Fund</u> |
| Payable | Nonmajor Governmental Funds | <u>\$49,435</u> |

General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Advancing monies to other funds is necessary due to timing differences in the receiving of grant monies. When the monies are finally received, the grant fund will use these restricted monies to reimburse the General Fund for the initial advance.

NOTE 18 - JOINTLY GOVERNED ORGANIZATION, PUBLIC ENTITY SHARED RISK POOLS, AND INSURANCE PURCHASING POOL

Metropolitan Educational Technology Association (META)

The School District is a participant in the Metropolitan Educational Technology Association (META), which is a computer consortium. META is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology, and student services, a purchasing cooperative, and other individual services based on each client's needs.

The governing board of META consists of a president, vice president and six board members who represent the members of META. The Board works with META's Chief Executive Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. The School District paid META \$46,506 for services provided during the fiscal year. Financial information can be obtained from the SCOCA Regional Council of Governments through META Solutions, Ashley Widby, CFO, 100 Executive Drive, Marion Ohio 43302.

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

Optimal Health Initiatives Consortium

The School District is a member of the Optimal Health Initiatives Consortium (the “Consortium”), a public entity shared risk pool, consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. The overall objective of the Consortium is to enable its members to purchase employee benefits and related products and services using the Consortium’s economies of scale to create cost-savings. The Council’s business and affairs are managed by an Executive Board of Trustees, consisting of the chairperson of each division’s board of trustees and the chairperson of the Butler Health Plan. The participants pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the fiscal agent, Charles Leboeuf CPA, MCM CPAs & Advisors, 3536 Edwards Road, Cincinnati, Ohio 45208.

Schools of Ohio Risk Sharing Authority

The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing insurance pool. The pool consists of 62 school districts, joint vocational schools, and educational service centers throughout Ohio who pool risk for property, crime, liability, boiler and machinery, and public official liability coverage. SORSA is governed by a board of trustees elected by members. The School District pays an annual premium to SORSA for this coverage. The self-insured retention by SORSA is \$30,644 for property and automobile physical damage. Reinsurance is purchased to cover claims exceeding this amount and for all claims related to equipment breakdown coverage.

Ohio SchoolComp Workers’ Compensation Group Rating Plan

The School District participates in the Ohio SchoolComp Workers’ Compensation Group Rating Plan (GRP), an insurance purchasing pool. The Ohio School Board Association (OSBA) and the Ohio Association of School Business Officials (OASBO) co-sponsor the Group Rating Plan. The Executive Directors of the OSBA and the OASBO, or their designees, serve as coordinators of the program.

NOTE 19 - SET-ASIDE CALCULATIONS

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

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

| | <u>Capital Acquisitions</u> |
|---|---------------------------------|
| Set-aside Balance as of June 30, 2020 | \$0 |
| Current Fiscal Year Set-aside Requirement | 73,313 |
| Current Fiscal Year Offsets | <u>(73,313)</u> |
| Set-aside Balance as of June 30, 2021 | <u><u>\$0</u></u> |

NEW BOSTON LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

Amounts of offsets presented in the table for the capital acquisition set-asides were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had additional offsets for capital acquisitions, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore is not presented as being carried forward to the next fiscal year.

NOTE 20 – SIGNIFICANT COMMITMENTS

Encumbrances

Encumbrances are commitments related to unperformed contracts for goods and services. Encumbrances accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

| | |
|-----------------------------|-------------------------|
| General Fund | \$226,235 |
| Nonmajor Governmental Funds | 405,593 |
| Total | <u><u>\$631,828</u></u> |

NOTE 21 – FUND BALANCES

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

| Fund Balances | General Fund | Bond Retirement Fund | Nonmajor Governmental Funds | Total |
|------------------------------------|---------------------------|----------------------------|-----------------------------------|---------------------------|
| <i>Nonspendable</i> | | | | |
| Prepays | \$5,846 | \$0 | \$0 | \$5,846 |
| Inventory | 0 | 0 | 411 | 411 |
| Unclaimed Monies | 1,585 | 0 | 0 | 1,585 |
| <i>Total Nonspendable</i> | <u>7,431</u> | <u>0</u> | <u>411</u> | <u>7,842</u> |
| <i>Restricted for</i> | | | | |
| Debt Payment | 0 | 346,371 | 0 | 346,371 |
| Food Service Operations | 0 | 0 | 161,094 | 161,094 |
| Classroom Facilities Maintenance | 0 | 0 | 165,111 | 165,111 |
| Athletic Programs | 0 | 0 | 43,939 | 43,939 |
| Student Managed Activities | 0 | 0 | 27,802 | 27,802 |
| Local, State and Federal Grants | 0 | 0 | 395,068 | 395,068 |
| <i>Total Restricted</i> | <u>0</u> | <u>346,371</u> | <u>793,014</u> | <u>1,139,385</u> |
| <i>Assigned to</i> | | | | |
| Purchases on Order | 203,641 | 0 | 0 | 203,641 |
| <i>Unassigned (Deficit)</i> | <u>4,369,110</u> | <u>0</u> | <u>(31,661)</u> | <u>4,337,449</u> |
| <i>Total Fund Balances</i> | <u><u>\$4,580,182</u></u> | <u><u>\$346,371</u></u> | <u><u>\$761,764</u></u> | <u><u>\$5,688,317</u></u> |

NEW BOSTON LOCAL SCHOOL DISTRICT

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

NOTE 22 - CONTINGENCIES

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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 School District at June 30, 2021, if applicable, cannot be determined at this time.

School Foundation

In fiscal year 2021, School District foundation funding was based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2021 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2021 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

Litigation

The School District is not party to any legal proceedings.

NOTE 23- 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 24 – SUBSEQUENT EVENTS

For fiscal year 2022, School District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$210,304 in revenues and expenditures/expenses related to these programs. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each School District. The School District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

NEW BOSTON LOCAL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Eight Fiscal Years (1)

| | 2021 | 2020 | 2019 |
|---|-------------|-------------|-------------|
| School District's Proportion of the Net Pension Liability | 0.02513220% | 0.02494380% | 0.02336230% |
| School District's Proportionate Share of the Net Pension Liability | \$1,662,297 | \$1,492,431 | \$1,338,003 |
| School District's Covered Payroll | \$881,079 | \$809,793 | \$776,504 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll | 188.67% | 184.30% | 172.31% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 68.55% | 70.85% | 71.36% |

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

| 2018 | 2017 | 2016 | 2015 | 2014 |
|-------------|-------------|-------------|-------------|-------------|
| 0.02396550% | 0.02497450% | 0.02309210% | 0.02187900% | 0.02187900% |
| \$1,431,884 | \$1,827,903 | \$1,317,658 | \$1,107,284 | \$1,301,074 |
| \$694,093 | \$849,614 | \$722,036 | \$635,763 | \$605,809 |
| 206.30% | 215.15% | 182.49% | 174.17% | 214.77% |
| 69.50% | 62.98% | 69.16% | 71.70% | 65.52% |

NEW BOSTON LOCAL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Five Fiscal Years (1)

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|-------------|-------------|-------------|-------------|-------------|
| School District's Proportion of the Net OPEB Liability | 0.02611270% | 0.02553090% | 0.02367510% | 0.02426170% | 0.02531190% |
| School District's Proportionate Share of the Net OPEB Liability | \$567,514 | \$642,049 | \$656,810 | \$651,121 | \$721,483 |
| School District's Covered Payroll | \$881,079 | \$809,793 | \$776,504 | \$694,093 | \$849,614 |
| School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll | 64.41% | 79.29% | 84.59% | 93.81% | 84.92% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 18.17% | 15.57% | 13.57% | 12.46% | 11.49% |

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

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NEW BOSTON LOCAL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Eight Fiscal Years (1)

| | 2021 | 2020 | 2019 |
|---|-------------|-------------|-------------|
| School District's Proportion of the Net Pension Liability | 0.01836059% | 0.01840481% | 0.01801393% |
| School District's Proportionate Share of the Net Pension Liability | \$4,442,609 | \$4,070,113 | \$3,960,858 |
| School District's Covered Payroll | \$2,223,821 | \$2,263,636 | \$2,063,314 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll | 199.77% | 179.80% | 191.97% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 75.50% | 77.40% | 77.30% |

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

| 2018 | 2017 | 2016 | 2015 | 2014 |
|-------------|-------------|-------------|-------------|-------------|
| 0.01818230% | 0.01916075% | 0.02020715% | 0.02158547% | 0.02158547% |
| \$4,319,245 | \$6,413,681 | \$5,584,666 | \$5,250,334 | \$6,254,163 |
| \$1,877,150 | \$2,142,386 | \$2,108,093 | \$2,124,500 | \$2,148,269 |
| 230.10% | 299.37% | 264.92% | 247.13% | 291.13% |
| 75.30% | 66.80% | 72.10% | 74.70% | 69.30% |

NEW BOSTON LOCAL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
 State Teachers Retirement System of Ohio
 Last Five Fiscal Years (1)

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|-------------|-------------|-------------|-------------|-------------|
| School District's Proportion of the Net OPEB Liability (Asset) | 0.01836059% | 0.01840481% | 0.01801393% | 0.01818230% | 0.01916075% |
| School District's Proportionate Share of the Net OPEB Liability (Asset) | (\$322,686) | (\$304,829) | (\$289,465) | \$709,406 | \$1,024,722 |
| School District's Covered Payroll | \$2,223,821 | \$2,263,636 | \$2,063,314 | \$1,877,150 | \$2,142,386 |
| School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered - Payroll | -14.51% | -13.47% | -14.03% | 37.79% | 47.83% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 182.10% | 174.70% | 176.00% | 47.10% | 37.30% |

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

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NEW BOSTON LOCAL SCHOOL DISTRICT
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|------------------|------------------|------------------|------------------|
| Net Pension Liability | | | | |
| Contractually Required Contribution | \$130,476 | \$123,351 | \$109,322 | \$104,828 |
| Contributions in Relation to the Contractually Required Contribution | <u>(130,476)</u> | <u>(123,351)</u> | <u>(109,322)</u> | <u>(104,828)</u> |
| Contribution Deficiency (Excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| School District Covered Payroll (1) | \$931,971 | \$881,079 | \$809,793 | \$776,504 |
| Pension Contributions as a Percentage of Covered Payroll | <u>14.00%</u> | <u>14.00%</u> | <u>13.50%</u> | <u>13.50%</u> |
| Net OPEB Liability | | | | |
| Contractually Required Contribution (2) | 17,463 | 16,932 | 19,484 | 16,558 |
| Contributions in Relation to the Contractually Required Contribution | <u>(17,463)</u> | <u>(16,932)</u> | <u>(19,484)</u> | <u>(16,558)</u> |
| Contribution Deficiency (Excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| OPEB Contributions as a Percentage of Covered Payroll | <u>1.87%</u> | <u>1.92%</u> | <u>2.41%</u> | <u>2.13%</u> |
| Total Contributions as a Percentage of Covered Payroll (2) | <u>15.87%</u> | <u>15.92%</u> | <u>15.91%</u> | <u>15.63%</u> |

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

| 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| \$97,173 | \$118,946 | \$95,164 | \$88,117 | \$83,844 | \$58,820 |
| (97,173) | (118,946) | (95,164) | (88,117) | (83,844) | (58,820) |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| \$694,093 | \$849,614 | \$722,036 | \$635,763 | \$605,809 | \$437,323 |
| 14.00% | 14.00% | 13.18% | 13.86% | 13.84% | 13.45% |
| 12,956 | 12,821 | 18,062 | 11,473 | 10,581 | 10,776 |
| (12,956) | (12,821) | (18,062) | (11,473) | (10,581) | (10,776) |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1.87% | 1.51% | 2.50% | 1.80% | 1.75% | 2.46% |
| 15.87% | 15.51% | 15.68% | 15.66% | 15.59% | 15.91% |

NEW BOSTON LOCAL SCHOOL DISTRICT
 Required Supplementary Information
 Schedule of the School District's Contributions
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|------------------|------------------|------------------|------------------|
| Net Pension Liability | | | | |
| Contractually Required Contribution | \$333,275 | \$311,335 | \$316,909 | \$288,864 |
| Contributions in Relation to the Contractually Required Contribution | <u>(333,275)</u> | <u>(311,335)</u> | <u>(316,909)</u> | <u>(288,864)</u> |
| Contribution Deficiency (Excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| School District Covered Payroll | \$2,380,536 | \$2,223,821 | \$2,263,636 | \$2,063,314 |
| Pension Contributions as a Percentage of Covered Payroll | <u>14.00%</u> | <u>14.00%</u> | <u>14.00%</u> | <u>14.00%</u> |
| Net OPEB Liability | | | | |
| Contractually Required Contribution | \$0 | \$0 | \$0 | \$0 |
| Contributions in Relation to the Contractually Required Contribution | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Contribution Deficiency (Excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| OPEB Contributions as a Percentage of Covered Payroll | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> |
| Total Contributions as a Percentage of Covered Payroll | <u>14.00%</u> | <u>14.00%</u> | <u>14.00%</u> | <u>14.00%</u> |

See accompanying notes to the required supplementary information

| <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$262,801 | \$299,934 | \$295,133 | \$276,185 | \$279,275 | \$276,439 |
| <u>(262,801)</u> | <u>(299,934)</u> | <u>(295,133)</u> | <u>(276,185)</u> | <u>(279,275)</u> | <u>(276,439)</u> |
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| \$1,877,150 | \$2,142,386 | \$2,108,093 | \$2,124,500 | \$2,148,269 | \$2,126,454 |
| <u>14.00%</u> | <u>14.00%</u> | <u>14.00%</u> | <u>13.00%</u> | <u>13.00%</u> | <u>13.00%</u> |
| \$0 | \$0 | \$0 | \$21,245 | \$21,483 | \$21,265 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>(21,245)</u> | <u>(21,483)</u> | <u>(21,265)</u> |
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>1.00%</u> | <u>1.00%</u> | <u>1.00%</u> |
| <u>14.00%</u> | <u>14.00%</u> | <u>14.00%</u> | <u>14.00%</u> | <u>14.00%</u> | <u>14.00%</u> |

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NEW BOSTON LOCAL SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Net Pension Liability

Changes in Benefit Terms - SERS

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

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Changes in Assumptions - SERS

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented below:

| | Fiscal Year 2017 | Fiscal Year 2016 and Prior |
|---|---|---|
| Wage Inflation | 3.00 percent | 3.25 percent |
| Future Salary Increases, including inflation | 3.50 percent to 18.20 percent | 4.00 percent to 22.00 percent |
| Investment Rate of Return | 7.50 percent net of investments expense, including inflation | 7.75 percent net of investments expense, including inflation |

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are 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. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

Beginning with fiscal year 2018, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

| | Fiscal Year 2018 | Fiscal Year 2017 and Prior |
|--------------------------------------|--|---|
| Inflation | 2.50 percent | 2.75 percent |
| Projected salary increases | 12.50 percent at age 20 to 2.50 percent at age 65 | 12.25 percent at age 20 to 2.75 percent at age 70 |
| Investment Rate of Return | 7.45 percent, net of investment expenses, including inflation | 7.75 percent, net of investment expenses, including inflation |
| Payroll Increases | 3 percent | 3.5 percent |
| Cost-of-Living Adjustments (COLA) | 0.0 percent, effective July 1, 2017 | 2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, ,2013, or later, 2 percent COLA commences on fifth anniversary of retirement date. |

NEW BOSTON LOCAL SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Net OPEB Liability

Changes in Assumptions – SERS

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

| | |
|---|--------------|
| Municipal Bond Index Rate: | |
| Fiscal year 2021 | 2.45 percent |
| Fiscal year 2020 | 3.13 percent |
| Fiscal year 2019 | 3.62 percent |
| Fiscal year 2018 | 3.56 percent |
| Fiscal year 2017 | 2.92 percent |
| Single Equivalent Interest Rate, net of plan investment expense, including price inflation | |
| Fiscal year 2021 | 2.63 percent |
| Fiscal year 2020 | 3.22 percent |
| Fiscal year 2019 | 3.70 percent |
| Fiscal year 2018 | 3.63 percent |
| Fiscal year 2017 | 2.98 percent |

In fiscal year 2021, the discount rate was changed from 3.22% to 2.63%

In fiscal year 2020, the discount rate was changed from 3.70% to 3.22%

In fiscal year 2019, the discount rate was changed from 3.63% to 3.70%. The health care trend rates were also updated.

In fiscal year 2018, the discount rate was change from 2.98% to 3.63%.

In fiscal year 2017, the following assumptions were changed:

- Assumed rate of inflation was reduced from 3.25% to 3.00%
- Payroll Growth Assumption was reduced from 4.00% to 3.50%
- Assumed real wage growth was reduced from 0.75% to 0.50%
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members was updated to the following:

NEW BOSTON LOCAL SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

- o 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 was updated to the following:
 - o 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 updated to the following:
 - o 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.

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

Changes in Benefit Terms – STRS OPEB

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019, and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020, to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020, from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021, to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

For fiscal year 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021, premium based on June 30, 2020, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021, from 1.984 percent to 2.055 percent 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 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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NEW BOSTON LOCAL SCHOOL DISTRICT
SCIOTO COUNTY

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

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title | Federal AL Number | Pass Through Grant Year | Provided Through to Subrecipients | Total Federal Expenditures |
|---|-------------------------|-------------------------------|---|-------------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | |
| <i>Passed Through Ohio Department of Education</i> | | | | |
| Child Nutrition Cluster: | | | | |
| Non-Cash Assistance (Food Distribution): | | | | |
| National School Lunch Program | 10.555 | 2020-2021 | \$ 0 | \$ 15,020 |
| Cash Assistance: | | | | |
| School Breakfast Program | 10.553 | 2020-2021 | 0 | 63,404 |
| School Breakfast Program - COVID 19 | | 2020-2021 | 0 | 17,110 |
| National School Lunch Program | 10.555 | 2020-2021 | 0 | 100,362 |
| National School Lunch Program - COVID 19 | | 2020-2021 | 0 | 25,468 |
| Total Child Nutrition Cluster | | | 0 | 221,364 |
| Total U.S. Department of Agriculture | | | 0 | 221,364 |
| U.S. DEPARTMENT OF TREASURY | | | | |
| <i>Passed Through Ohio Department of Education</i> | | | | |
| COVID-19 Coronavirus Relief Fund | 21.019 | 2021 | 0 | 23,155 |
| <i>Passed Through Scioto County</i> | | | | |
| COVID-19 Coronavirus Relief Fund | 21.019 | 2021 | 0 | 42,699 |
| Total COVID-19 Coronavirus Relief Fund | | | 0 | 65,854 |
| Total U.S. Department of Treasury | | | 0 | 65,854 |
| U.S. DEPARTMENT OF EDUCATION | | | | |
| <i>Passed Through Ohio Department of Education</i> | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 2020 | 0 | 18,886 |
| | | 2021 | 0 | 215,207 |
| Total Title I Grants to Local Educational Agencies | | | 0 | 234,093 |
| Special Education Cluster: | | | | |
| Special Education Grants to States | 84.027 | 2020 | 0 | 39,274 |
| | | 2021 | 0 | 53,849 |
| Total Special Education Cluster | | | 0 | 93,123 |
| Supporting Effective Instruction State Grants | 84.367 | 2021 | 0 | 25,303 |
| Student Support and Academic Enrichment Program | 84.424 | 2020 | 0 | 326 |
| | | 2021 | 0 | 20,878 |
| Total Student Support and Academic Enrichment Program | | | 0 | 21,204 |
| COVID-19 Education Stabilization Fund | 84.425D | 2021 | 0 | 153,087 |
| | | 2022 | 0 | 186 |
| Total COVID-19 Education Stabilization Fund | | | 0 | 153,273 |
| <i>Direct from Federal Government:</i> | | | | |
| Rural Education | 84.358 | S358A200856 | 0 | 10,663 |
| Total U.S. Department of Education | | | 0 | 537,659 |
| Total Expenditures of Federal Awards | | | \$ 0 | \$ 824,877 |

The accompanying notes are an integral part of this schedule.

**NEW BOSTON SCHOOL DISTRICT
SCIOTO COUNTY**

**NOTES TO THE SCHEDULE OF 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 Expenditures of Federal Awards (the Schedule) includes the federal award activity of New Boston Local School District (the School 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE E – FOOD DONATION PROGRAM

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



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

New Boston Local School District
Scioto County
#1 Glenwood Tiger Trail
New Boston, Ohio 45662

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the New Boston Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated April 22, 2022. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio
April 22, 2022

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

New Boston Local School District
Scioto County
#1 Glenwood Tiger Trail
New Boston, Ohio 45662

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited New Boston Local School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect New Boston Local School District's major federal program for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal program.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

In our opinion, New Boston Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio
April 22, 2022

**NEW BOSTON LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**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? | No |
| (d)(1)(iv) | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unmodified |
| (d)(1)(vi) | Are there any reportable findings under 2 CFR § 200.516(a)? | No |
| (d)(1)(vii) | Major Programs (list): | Title I Grants to Local Education Agencies – Federal AL # 84.010 |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$ 750,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee under 2 CFR § 200.520? | Yes |

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



NEW BOSTON LOCAL SCHOOL DISTRICT

SCIOTO COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/17/2022

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

This report is a matter of public record and is available online at
www.ohioauditor.gov