

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2021

***Wilson, Phillips & Agin, CPA's, Inc.
1100 Brandywine Blvd. Building G
Zanesville, Ohio 43701***

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Education
Tallmadge City School District
486 East Avenue
Tallmadge, Ohio 44278

We have reviewed the *Independent Auditor's Report* of the Tallmadge City School District, Summit County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period [6]. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Tallmadge City School District is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

January 25, 2022

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**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Independent Auditors' Report.....	1
Management Discussion and Analysis.....	3
Government-wide Financial Statements:	
Statement of Net Position.....	13
Statement of Activities	14
Fund Financial Statements:	
Governmental Funds	
Balance Sheet.....	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances.....	17
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual (Non-GAAP Budgetary Basis) - General Fund.....	19
Proprietary Funds	
Statement of Fund Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Net Position	21
Statement of Cash Flows.....	22
Notes to the Financial Statements.....	23
Required Supplementary Information.....	65
Notes to Required Supplementary Information.....	82
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By Government Auditing Standards.....	84
Independents Auditors' Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with Uniform Guidance.....	86
Schedule of Findings and Questioned Costs.....	88
Schedule of Federal Awards.....	89
Notes to Schedule of Federal Awards.....	90

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Tallmadge City School District
Summit County
486 East Avenue
Tallmadge, Ohio 44278

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 Tallmadge City School District, Summit County, Ohio as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no 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 Tallmadge City School District, Summit County, Ohio as of June 30, 2021, and the respective changes in financial position and , where applicable, cash flows thereof and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 the 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.

Supplemental Information

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

The Schedule of Expenditures of Federal Award Awards present 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 was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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 schedule 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 a report dated December 8, 2021, on our consideration of the Tallmadge City 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 Tallmadge City School District's internal control over financial reporting and compliance.

Wilson, Phillips & Agin, CPA's, Inc.
Tallmadge, Ohio
December 8, 2021

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

Financial Highlights

Key financial highlights for 2021 are as follows:

- Net position of governmental activities increased \$1,483,211, which represents a 23.96% increase from 2020's net position.
- General revenues accounted for \$34,377,299 in revenue or 84.17% of all governmental activities revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,464,379 or 15.83% of total governmental activities revenues of \$40,841,678.
- The District had \$39,358,467 in expenses related to governmental activities, \$6,464,379 of these expenses were offset by program specific charges for services and sales, grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$34,377,299 were more than adequate to provide for these programs.
- The District's major governmental funds are the general fund and the bond retirement fund. The general fund had \$31,896,540 in revenues and \$29,763,593 in expenditures. The fund balance of the general fund increased \$2,132,947 from a balance of \$1,518,697 to \$3,651,644.
- The bond retirement fund had \$12,353,899 in revenues and other financing sources and \$12,329,027 in expenditures and other financing uses. The fund balance of the bond retirement fund increased \$24,872 from \$1,320,970 to \$1,345,842.

Using the Financial Report

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

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

Reporting the District as a Whole

Statement of Net position and the Statement of Activities

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

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

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

The District's statement of net position and statement of activities can be found on pages 13 and 14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 10. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at 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 District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and statement of activities) and governmental funds is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 15 - 19 of this report.

Proprietary Fund

The District maintains one proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund activity accounts for self-insurance of the District's medical/surgical and prescription drug benefits. The basic proprietary fund financial statements can be found on pages 20 - 22 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 23 - 64 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the net pension liability and net OPEB liability/asset in this report on pages 66 - 83.

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

The District as a Whole

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

Net Position

	Governmental Activities	
	2021	2020
<u>Assets</u>		
Current and other assets	\$ 35,166,875	\$ 33,649,893
Net OPEB asset	1,846,500	1,830,985
Capital assets, net	86,732,787	87,695,885
Total assets	123,746,162	123,176,763
<u>Deferred outflows of resources</u>		
Unamortized deferred charges on debt refunding	184,139	725,067
Pension	5,652,155	5,715,204
OPEB	851,519	545,019
Total deferred outflows	6,687,813	6,985,290
<u>Liabilities</u>		
Current liabilities	5,093,195	5,646,074
Long-term liabilities:		
Due within one year	1,983,757	1,927,029
Due in more than one year:		
Net pension liability	32,909,343	31,135,562
Net OPEB liability	2,552,306	2,875,991
Other amounts	54,473,901	57,170,052
Total liabilities	97,012,502	98,754,708
<u>Deferred inflows of resources</u>		
Property taxes levied for the next fiscal year	20,454,545	20,120,295
Payment in lieu of taxes levied for the next fiscal year	61,000	-
Unamortized deferred gain on debt refunding	181,991	-
Pension	1,494,827	1,986,133
OPEB	3,556,347	3,111,365
Total deferred inflows	25,748,710	25,217,793
<u>Net Position</u>		
Net investment in capital assets	33,651,999	31,293,191
Restricted	1,284,604	4,312,716
Unrestricted (deficit)	(27,263,840)	(29,416,355)
Total net position	\$ 7,672,763	\$ 6,189,552

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2021 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27." The District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability/asset to the reported net position and subtracting deferred outflows and deferred inflows related to pension and OPEB.

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

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

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

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

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

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

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

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

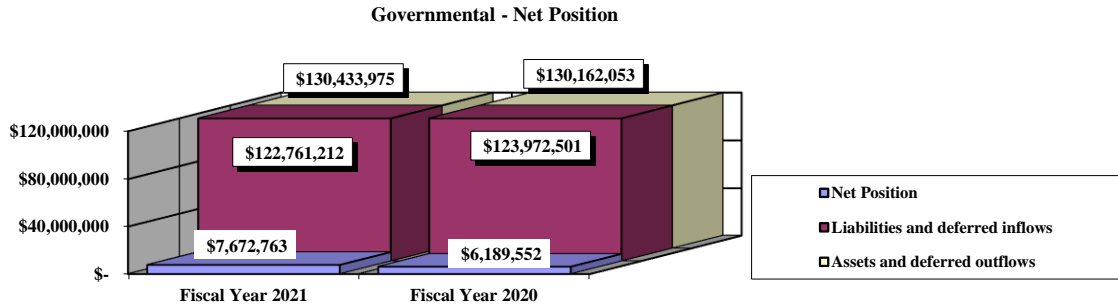
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$7,672,763.

The net investment in capital assets at June 30, 2021 was \$33,651,999. A portion of the District's net position, \$1,284,604, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$27,263,840.

At year-end, capital assets represented 70.09% of total assets. Capital assets include land, buildings and improvements, furniture and equipment and vehicles. Capital assets are used to provide services to the students and are not available for future spending.

The graph below presents the District's governmental assets and deferred outflows of resources, liabilities and deferred inflows of resources and net position for fiscal years 2021 and 2020.



The table below shows the changes in net position for governmental activities between 2021 and 2020.

Change in Net Position

	Governmental Activities	
	2021	2020
Revenues		
Program revenues:		
Charges for services and sales	\$ 558,667	\$ 1,276,705
Operating grants and contributions	5,868,398	3,403,183
Capital grants and contributions	37,314	14,242
General revenues:		
Property taxes	22,423,221	20,510,475
Payments in lieu of taxes	58,960	-
Grants and entitlements - not restricted	10,676,909	10,270,021
Investment earnings	10,926	261,679
Miscellaneous	<u>1,207,283</u>	<u>769,073</u>
Total revenues	<u>40,841,678</u>	<u>36,505,378</u>
		-Continued

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

<u>Expenses</u>	Governmental Activities (Continued)	
	2021	2020
Program expenses:		
Instruction:		
Regular	\$ 16,570,786	\$ 15,702,520
Special	4,520,237	4,406,854
Vocational	1,031,997	995,366
Adult/continuing	73,907	83,598
Support services:		
Pupil	1,963,263	1,660,363
Instructional staff	736,021	431,455
Board of education	44,658	46,617
Administration	2,524,212	2,226,143
Fiscal	970,427	967,951
Business	224,506	174,870
Operations and maintenance	3,068,880	2,811,906
Pupil transportation	2,560,135	2,365,719
Central	630,220	563,277
Operation of non-instructional services	1,307,928	1,281,113
Extracurricular activities	1,104,000	1,175,404
Interest and fiscal charges	2,027,290	1,898,761
Total expenses	39,358,467	36,791,917
Changes in net position	1,483,211	(286,569)
Net position at beginning of year	6,189,552	6,476,121
Net position at end of year	\$ 7,672,763	\$ 6,189,552

Governmental Activities

Net position of the District's governmental activities increased \$1,483,211. Total governmental expenses of \$39,358,467 were offset by program revenues of \$6,464,379 and general revenues of \$34,377,299. Program revenues supported 16.42% of the total governmental expenses.

In the area of program revenues, operating grants and contributions increased, which is primarily attributable to \$1,268,892 and \$439,541 in Elementary and Secondary School Emergency (ESSER) funding and Coronavirus Relief funding, respectively, received during fiscal 2021 in response to the COVID-19 pandemic. Charges for services and sales decreased primarily from less school lunch sales caused by building closures for COVID-19 during a portion of the school year.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 81.04% of total governmental revenue. Real estate property is reappraised every six years. Miscellaneous general revenues increased during fiscal year as a result of refunds and dividends received by the Bureau of Workers' Compensation (BWC). Investment earnings experienced a significant decrease during the fiscal year as a result of the COVID-19 Pandemic and the Federal Reserve cutting interest rates.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$22,196,927 or 56.40% of total governmental expenses for fiscal year 2021.

The statement of activities shows the cost of program services and the charges for services and sales and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2021 and 2020. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

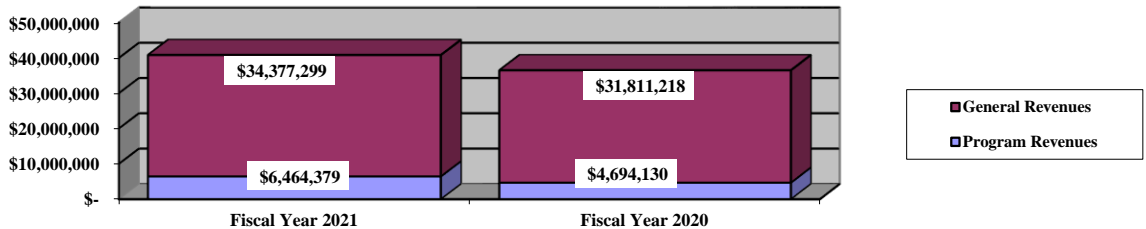
Governmental Activities

	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Program expenses:				
Instruction:				
Regular	\$ 16,570,786	\$ 16,147,611	\$ 15,702,520	\$ 15,452,905
Special	4,520,237	2,583,462	4,406,854	2,393,160
Vocational	1,031,997	812,344	995,366	775,713
Adult/continuing	73,907	6,200	83,598	20,904
Support services:				
Pupil	1,963,263	1,440,902	1,660,363	1,296,248
Instructional staff	736,021	375,032	431,455	390,135
Board of Education	44,658	44,658	46,617	46,617
Administration	2,524,212	2,467,031	2,226,143	2,163,904
Fiscal	970,427	961,648	967,951	967,951
Business	224,506	224,506	174,870	174,870
Operations and maintenance	3,068,880	2,944,151	2,811,906	2,737,094
Pupil transportation	2,560,135	1,365,852	2,365,719	2,162,578
Central	630,220	630,220	563,277	563,277
Operation of non-instructional services	1,307,928	(75,696)	1,281,113	287,750
Extracurricular activities	1,104,000	938,877	1,175,404	765,920
Interest and fiscal charges	2,027,290	2,027,290	1,898,761	1,898,761
Total expenses	\$ 39,358,467	\$ 32,894,088	\$ 36,791,917	\$ 32,097,787

The dependence upon tax revenues during fiscal year 2021 for governmental activities is apparent, as 88.07% of fiscal year 2021 instructional activities are supported through taxes and other general revenues. The District's taxpayers and unrestricted grants and entitlements from the State, are by far the primary support for District's students.

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

Governmental Activities - General and Program Revenues



**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

The District's governmental funds reported a combined fund balance of \$3,909,890, which is greater than last year's balance of \$3,668,546.

	Fund Balance (Deficit) <u>June 30,2021</u>	Fund Balance <u>June 30,2020</u>	<u>Change</u>
General	\$ 3,651,644	\$ 1,518,697	\$ 2,132,947
Bond Retirement	1,345,842	1,320,970	24,872
Other Governmental	<u>(1,087,596)</u>	<u>828,879</u>	<u>(1,916,475)</u>
Total	<u>\$ 3,909,890</u>	<u>\$ 3,668,546</u>	<u>\$ 241,344</u>

General Fund

The District's general fund balance increased \$2,132,947 during fiscal year 2021. The following tables assists in illustrating the revenues and expenditures of the general fund.

	2021 <u>Amount</u>	2020 <u>Amount</u>	Percentage <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 18,625,214	\$ 16,798,274	10.88 %
Intergovernmental	11,812,062	11,371,570	3.87 %
Other revenues	<u>1,459,264</u>	<u>1,468,743</u>	(0.65) %
Total	<u>\$ 31,896,540</u>	<u>\$ 29,638,587</u>	7.62 %

Revenues of the general fund increased \$2,257,953 or 7.62%. The increase in tax revenue was due to the passage of a 7.4 mill operating levy that began collections in calendar year 2020. Half a year of collections from the new levy were received in the prior fiscal year and the first full year of collections were received in the current fiscal year. All other revenues remained comparable to the prior fiscal year.

	2021 <u>Amount</u>	2020 <u>Amount</u>	Percentage <u>Change</u>
<u>Expenditures</u>			
Instruction	\$ 19,589,413	\$ 18,311,196	6.98 %
Support services	9,174,527	10,115,763	(9.30) %
Operation of non-instructional	177,666	145,898	21.77 %
Extracurricular activities	734,825	747,703	(1.72) %
Debt service	<u>87,162</u>	<u>87,162</u>	- %
Total	<u>\$ 29,763,593</u>	<u>\$ 29,407,722</u>	1.21 %

Expenditures in the general fund increased \$355,871 or 1.21%. All expenditures remained comparable to the prior fiscal year.

Bond Retirement Fund

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

The bond retirement fund had \$12,353,899 in revenues and other financing sources and \$12,329,027 in expenditures and other financing uses. The fund balance of the bond retirement fund increased \$24,872 from \$1,320,970 to \$1,345,842.

General Fund Budgeting Highlights

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

During the course of fiscal year 2021, the District amended its general fund budget several times. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. For the general fund, original budgeted revenues and other financing sources were \$32,031,554. Actual revenues and other financing sources of \$31,781,332 were the same as the final budgeted revenues and other financing sources.

General fund original and final appropriations were \$32,955,571 and \$30,668,650, respectively. The actual budget basis expenditures for fiscal year 2021 totaled \$31,530,512, which was \$861,862 greater than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

The District had \$86,732,787 invested in land, buildings and improvements, furniture and equipment and vehicles. The following table shows fiscal year 2021 balances compared to 2020:

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

	Governmental Activities	
	2021	2020
Land	\$ 3,716,335	\$ 3,716,335
Buildings and improvements	82,664,633	82,875,640
Furniture and equipment	270,396	289,677
Vehicles	81,423	46,354
Construction in progress	-	767,879
Total	\$ 86,732,787	\$ 87,695,885

The overall decrease in capital assets of \$963,098 is due to depreciation expense of \$1,295,806 and disposals (net of accumulated depreciation) of \$270,572 exceeding capital outlays of \$603,280 in fiscal year 2021.

See Note 9 to the basic financial statements for detail on the District's capital assets.

Debt Administration

At June 30, 2021, the District had \$52,126,380 in general obligation bonds. Of this total, \$1,635,000 is due within one year and \$50,491,380 is due in greater than one year. The District also had \$162,069 outstanding for a capital lease. Of this amount, \$79,058 is due within one year and \$83,011 is due in greater than one year.

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

Outstanding Debt, at Year End

	Governmental Activities 2021	Governmental Activities 2020
General obligation bonds	\$ 52,126,380	\$ 53,666,940
Capital lease	<u>162,069</u>	<u>237,363</u>
Total	<u>\$ 52,288,449</u>	<u>\$ 53,904,303</u>

See Note 11 to the basic financial statements for detail on the District's debt administration.

Current Issues Affecting Financial Condition

With the passage of a new 7.4 mill operating levy in May of 2019 the District reaffirmed its support from the community. Along with the renewals of a 6.9 mill emergency levy in 2013 and a 7.5 mill levy in November 2015, both for a 10 year period the District has established a very firm financial foundation. The District also renewed its 1.25 mill permanent improvement levy in November 2015 for a continuing period.

In an effort to complete the District's master plan with the OSFC the District reached out to the community in order to facilitate the sharing of ideas of what the District's facility needs were and how best to meet those needs from a building and location standpoint. The outcome of those meetings resulted in a change to the master plan. The new plan included a new K-5 building (combining 2 existing elementary schools) and a new 6-8 middle school on the current middle school site, raising the current 6-8 middle school (old high school) building. Another capital improvement plan which came out of those community meetings was to relocate and build a new athletic stadium and relocate the baseball and softball fields to the new high school site. This resulted in the District placing two separate bond issues on the November 2019 ballot. The first issue for the new buildings was a 3.86 mill bond issue, and the second was a .9 mill bond issue. Both issues passed.

The District has now completed the construction of the new elementary and middle school buildings. Also, the fall of 2019 marked the completion and opening of the new high school stadium. The summer of 2020 saw the completion of the new softball field, while the baseball field has been put on hold until the District can raise capital funds in the community. The District is currently in a capital financing campaign to raise the necessary funds to complete the baseball diamond and to renovate the previous high school stadium, which is now the middle school stadium. The goal is to raise \$3.5 million to complete this project.

We expect the new buildings will make the district more efficient and effective in delivering a top notch education to all of our students. It is an exciting time in Tallmadge City Schools. With a new housing development, which when completed in 2023 will include 208 new homes, Tallmadge is fast becoming a preferred community in Summit County.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Jeffery W. Hostetler, Treasurer, at Tallmadge City School District, 486 East Avenue, Tallmadge, or E-Mail him at hostetler.jeff@tallmadgeschools.org.

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	\$ 10,349,790
Receivables:	
Property taxes	22,765,836
Payment in lieu of taxes	61,000
Accounts	8,408
Intergovernmental	1,942,475
Prepayments	31,084
Materials and supplies inventory	2,518
Inventory held for resale	5,764
Net OPEB asset	1,846,500
Capital assets:	
Nondepreciable capital assets	3,716,335
Depreciable capital assets, net	83,016,452
Capital assets, net	86,732,787
Total assets	123,746,162
 Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	184,139
Pension	5,652,155
OPEB	851,519
Total deferred outflows of resources	6,687,813
 Liabilities:	
Accounts payable	456,541
Retainage payable	68,007
Accrued wages and benefits payable	2,859,652
Intergovernmental payable	970,720
Accrued interest payable	385,675
Unearned revenue	5,000
Claims payable	347,600
Long-term liabilities:	
Due within one year	1,983,757
Due in more than one year:	
Net pension liability	32,909,343
Net OPEB liability	2,552,306
Other amounts due in more than one year	54,473,901
Total liabilities	97,012,502
 Deferred inflows of resources:	
Property taxes levied for the next fiscal year	20,454,545
Payment in lieu of taxes levied for the next fiscal year	61,000
Unamortized deferred gain on debt refunding	181,991
Pension	1,494,827
OPEB	3,556,347
Total deferred inflows of resources	25,748,710
 Net position:	
Net investment in capital assets	33,651,999
Restricted for:	
Capital projects	159,424
Debt service	773,223
State funded programs	58,718
Federally funded programs	12,682
Food service operations	59,434
Student activities	150,523
Other purposes	70,600
Unrestricted (deficit)	(27,263,840)
Total net position	\$ 7,672,763

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 16,570,786	\$ 97,259	\$ 295,602	\$ 30,314	\$ (16,147,611)
Special	4,520,237	-	1,936,775	-	(2,583,462)
Vocational	1,031,997	-	219,653	-	(812,344)
Adult/continuing	73,907	-	67,707	-	(6,200)
Support services:					
Pupil	1,963,263	-	522,361	-	(1,440,902)
Instructional staff	736,021	-	360,989	-	(375,032)
Board of education	44,658	-	-	-	(44,658)
Administration	2,524,212	57,181	-	-	(2,467,031)
Fiscal	970,427	-	8,779	-	(961,648)
Business	224,506	-	-	-	(224,506)
Operations and maintenance	3,068,880	60,343	64,386	-	(2,944,151)
Pupil transportation	2,560,135	-	1,194,283	-	(1,365,852)
Central	630,220	-	-	-	(630,220)
Operation of non-instructional services:					
Food service operations	993,345	191,820	1,076,539	-	275,014
Other non-instructional services	314,583	-	115,265	-	(199,318)
Extracurricular activities	1,104,000	152,064	6,059	7,000	(938,877)
Interest and fiscal charges	2,027,290	-	-	-	(2,027,290)
Totals	\$ 39,358,467	\$ 558,667	\$ 5,868,398	\$ 37,314	(32,894,088)
General revenues:					
Property taxes levied for:					
					18,636,955
					3,438,052
					348,214
					58,960
					10,676,909
					10,926
					1,207,283
					<u>34,377,299</u>
					1,483,211
					<u>6,189,552</u>
					<u>\$ 7,672,763</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 4,448,063	\$ 1,081,529	\$ 373,606	\$ 5,903,198
Receivables:				
Property taxes	18,916,894	3,494,941	354,001	22,765,836
Payment in lieu of taxes	61,000	-	-	61,000
Accounts	-	-	8,408	8,408
Intergovernmental	105,467	-	1,837,008	1,942,475
Prepayments	31,084	-	-	31,084
Materials and supplies inventory	-	-	2,518	2,518
Inventory held for resale	-	-	5,764	5,764
Due from other funds	1,501,745	-	-	1,501,745
Total assets	<u>\$ 25,064,253</u>	<u>\$ 4,576,470</u>	<u>\$ 2,581,305</u>	<u>\$ 32,222,028</u>
Liabilities:				
Accounts payable	\$ 431,019	\$ -	\$ 25,522	\$ 456,541
Retainage payable	-	-	68,007	68,007
Accrued wages and benefits payable	2,691,134	-	168,518	2,859,652
Compensated absences payable	8,943	-	-	8,943
Intergovernmental payable	951,112	-	19,608	970,720
Due to other funds	-	-	1,501,745	1,501,745
Unearned revenue	5,000	-	-	5,000
Total liabilities	<u>4,087,208</u>	<u>-</u>	<u>1,783,400</u>	<u>5,870,608</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	16,956,137	3,185,681	312,727	20,454,545
Payment in lieu of taxes levied for the next fiscal year	61,000	-	-	61,000
Delinquent property tax revenue not available	286,594	44,947	6,050	337,591
Intergovernmental revenue not available	21,670	-	1,566,724	1,588,394
Total deferred inflows of resources	<u>17,325,401</u>	<u>3,230,628</u>	<u>1,885,501</u>	<u>22,441,530</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	2,518	2,518
Prepays	31,084	-	-	31,084
Unclaimed monies	197	-	-	197
Restricted:				
Debt service	-	1,345,842	-	1,345,842
Capital improvements	-	-	85,367	85,367
Food service operations	-	-	103,667	103,667
State funded programs	-	-	58,718	58,718
Federally funded programs	-	-	7,712	7,712
Extracurricular	-	-	150,523	150,523
Other purposes	-	-	70,403	70,403
Committed:				
Underground storage tank	16,179	-	-	16,179
Assigned:				
Student instruction	600,308	-	-	600,308
Student and staff support	1,610,626	-	-	1,610,626
Extracurricular activities	27,693	-	-	27,693
Subsequent year's appropriations	280,791	-	-	280,791
School supplies	18,974	-	-	18,974
Other purposes	9,666	-	-	9,666
Unassigned (deficit)	1,056,126	-	(1,566,504)	(510,378)
Total fund balances (deficit)	<u>3,651,644</u>	<u>1,345,842</u>	<u>(1,087,596)</u>	<u>3,909,890</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 25,064,253</u>	<u>\$ 4,576,470</u>	<u>\$ 2,581,305</u>	<u>\$ 32,222,028</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021

Total governmental fund balances		\$ 3,909,890
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		86,732,787
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 337,591	
Intergovernmental receivable	1,588,394	
Total		1,925,985
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		4,098,992
Unamortized premiums on bonds issued are not recognized in the funds.		(1,120,440)
Unamortized amounts on refundings are not recognized in the funds.		2,148
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(385,675)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	5,652,155	
Deferred inflows - pension	(1,494,827)	
Net pension liability	(32,909,343)	
Deferred outflows - OPEB	851,519	
Deferred inflows - OPEB	(3,556,347)	
Net OPEB asset	1,846,500	
Net OPEB liability	(2,552,306)	
Total		(32,162,649)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(51,855,000)	
Capital appreciation bonds	(39,489)	
Accretion of interest - capital appreciation bonds	(231,891)	
Capital lease	(162,069)	
Compensated absences	(3,039,826)	
Total		(55,328,275)
Net position of governmental activities		\$ 7,672,763

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 18,566,254	\$ 3,427,700	\$ 346,782	\$ 22,340,736
Intergovernmental	11,812,062	281,199	3,170,336	15,263,597
Investment earnings	5,313	-	2,249	7,562
Tuition and fees	97,259	-	-	97,259
Extracurricular	89,409	-	119,836	209,245
Rental income	60,000	-	-	60,000
Charges for services	-	-	192,163	192,163
Contributions and donations	-	-	118,807	118,807
Payment in lieu of taxes	58,960	-	-	58,960
Miscellaneous	1,207,283	-	35,065	1,242,348
Total revenues	<u>31,896,540</u>	<u>3,708,899</u>	<u>3,985,238</u>	<u>39,590,677</u>
Expenditures:				
Current:				
Instruction:				
Regular	15,074,813	-	296,613	15,371,426
Special	3,521,004	-	786,924	4,307,928
Vocational	980,439	-	-	980,439
Adult/continuing	13,157	-	60,750	73,907
Support services:				
Pupil	1,044,517	-	802,359	1,846,876
Instructional staff	312,804	-	376,297	689,101
Board of education	43,679	-	-	43,679
Administration	2,382,796	-	93,247	2,476,043
Fiscal	887,359	51,033	13,454	951,846
Business	171,061	-	-	171,061
Operations and maintenance	2,232,779	-	106,288	2,339,067
Pupil transportation	1,469,312	-	1,099,959	2,569,271
Central	630,220	-	-	630,220
Operation of non-instructional services:				
Food service operations	-	-	943,173	943,173
Other non-instructional services	177,666	-	102,952	280,618
Extracurricular activities	734,825	-	197,205	932,030
Facilities acquisition and construction	-	-	1,022,492	1,022,492
Debt service:				
Principal retirement	75,294	1,595,000	-	1,670,294
Interest and fiscal charges	11,868	1,852,994	-	1,864,862
Refunding bond issuance costs	-	81,047	-	81,047
Total expenditures	<u>29,763,593</u>	<u>3,580,074</u>	<u>5,901,713</u>	<u>39,245,380</u>
Excess of revenues over (under) expenditures	<u>2,132,947</u>	<u>128,825</u>	<u>(1,916,475)</u>	<u>345,297</u>
Other financing sources (uses):				
Issuance of refunding bonds	-	8,645,000	-	8,645,000
Payment to refunding bond escrow agent	-	(8,748,953)	-	(8,748,953)
Total other financing sources (uses)	<u>-</u>	<u>(103,953)</u>	<u>-</u>	<u>(103,953)</u>
Net change in fund balances	2,132,947	24,872	(1,916,475)	241,344
Fund balances at beginning of year	<u>1,518,697</u>	<u>1,320,970</u>	<u>828,879</u>	<u>3,668,546</u>
Fund balances (deficit) at end of year	<u>\$ 3,651,644</u>	<u>\$ 1,345,842</u>	<u>\$ (1,087,596)</u>	<u>\$ 3,909,890</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

Net change in fund balances - total governmental funds	\$	241,344
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
depreciation expense.		
Capital asset additions	\$ 603,280	
Current year depreciation	<u>(1,295,806)</u>	
Total		(692,526)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(270,572)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	82,485	
Intergovernmental	<u>1,161,605</u>	
Total		1,244,090
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		1,670,294
Issuance of refunding bonds are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		(8,645,000)
Payment to refunded bond escrow agent for the retirement of bonds is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net position. Deferred charges related to bond refundings are amortized over the life of the issuance in the statement of activities.		8,748,953
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
(Increase) decrease in accrued interest payable	(108,968)	
Accreted interest on capital appreciation bonds	(54,440)	
Amortization of bond premiums	90,802	
Amortization of deferred gain	13,103	
Amortization of deferred charges	<u>(21,878)</u>	
Total		(81,381)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	2,441,434	
OPEB	<u>74,854</u>	
Total		2,516,288
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(3,786,958)	
OPEB	<u>125,864</u>	
Total		(3,661,094)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		88,370
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		<u>324,445</u>
Change in net position of governmental activities	\$	<u>1,483,211</u>

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 18,591,070	\$ 18,445,841	\$ 18,445,841	\$ -
Intergovernmental	11,824,070	11,731,704	11,731,704	-
Investment earnings	5,355	5,313	5,313	-
Tuition and fees	150,567	149,391	149,391	-
Extracurricular	29,610	29,379	29,379	-
Rental income	65,512	65,000	65,000	-
Payment in lieu of taxes	59,424	58,960	58,960	-
Miscellaneous	1,153,083	1,144,075	1,144,075	-
Total revenues	<u>31,878,691</u>	<u>31,629,663</u>	<u>31,629,663</u>	<u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	15,397,397	15,064,497	15,338,935	(274,438)
Special	3,612,706	3,543,696	3,591,209	(47,513)
Vocational	976,011	985,008	983,076	1,932
Adult/continuing	14,964	15,130	15,130	-
Support services:				
Pupil	1,137,569	1,065,651	1,114,881	(49,230)
Instructional staff	343,919	323,078	327,342	(4,264)
Board of education	48,324	48,701	43,851	4,850
Administration	2,462,705	2,387,108	2,432,003	(44,895)
Fiscal	883,561	886,866	889,608	(2,742)
Business	214,935	173,123	173,979	(856)
Operations and maintenance	4,275,689	3,040,293	3,510,203	(469,910)
Pupil transportation	1,892,279	1,486,571	1,521,815	(35,244)
Central	730,387	706,885	662,601	44,284
Operation of non-instructional services:				
Other non-instructional services	169,915	171,796	171,796	-
Extracurricular activities	795,210	770,247	754,083	16,164
Total expenditures	<u>32,955,571</u>	<u>30,668,650</u>	<u>31,530,512</u>	<u>(861,862)</u>
Excess of revenues over (under) expenditures	<u>(1,076,880)</u>	<u>961,013</u>	<u>99,151</u>	<u>(861,862)</u>
Other financing sources:				
Refund of prior year's expenditures	130,217	129,200	129,200	-
Sale of capital assets	22,646	22,469	22,469	-
Total other financing sources	<u>152,863</u>	<u>151,669</u>	<u>151,669</u>	<u>-</u>
Net change in fund balance	(924,017)	1,112,682	250,820	(861,862)
Fund balance at beginning of year	1,293,011	1,293,011	1,293,011	-
Prior year encumbrances appropriated	1,715,641	1,715,641	1,715,641	-
Fund balance at end of year	<u>\$ 2,084,635</u>	<u>\$ 4,121,334</u>	<u>\$ 3,259,472</u>	<u>\$ (861,862)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2021

	Governmental Activities - Internal Service Fund
Assets:	
Equity in pooled cash and cash equivalents	\$ 4,446,592
Total assets	<u>4,446,592</u>
Liabilities:	
Claims payable	347,600
Total liabilities	<u>347,600</u>
Net position:	
Unrestricted	4,098,992
Total net position	<u>\$ 4,098,992</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

	Governmental Activities - Internal Service Fund
Operating revenues:	
Charges for services	\$ 4,189,612
Total operating revenues	4,189,612
Operating expenses:	
Purchased services	804,802
Claims	3,065,978
Total operating expenses	3,870,780
Operating income	318,832
Nonoperating revenues:	
Interest revenue	5,613
Total nonoperating revenues	5,613
Change in net position	324,445
Net position at beginning of year	3,774,547
Net position at end of year	\$ 4,098,992

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from charges for services	\$ 4,189,612
Cash payments for purchased services	(804,802)
Cash payments for claims	(3,044,578)
	340,232
Cash flows from investing activities:	
Interest received	5,613
	5,613
Net increase in cash and cash equivalents	345,845
Cash and cash equivalents at beginning of year	4,100,747
Cash and cash equivalents at end of year	\$ 4,446,592
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 318,832
Changes in assets and liabilities:	
Claims payable	21,400
Net cash provided by operating activities	\$ 340,232

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Tallmadge City School District (the “District”) is organized under Article VI, Section 2 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms.

The District is primarily located in Summit County with a small portion located in Portage County and encompasses nearly all of the City of Tallmadge. The District provides educational services as mandated by state and federal agencies. The Board controls the District’s five instructional/support facilities staffed by 92 classified employees and 170 certified full-time personnel, and 15 administrators who provide services to 2,478 students and other community members. The District currently operates one elementary building, one middle school, one high school, an administrative building, and a bus garage.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Network for Educational Technology - The Northeast Ohio Network for Educational Technology (NEOnet) is the computer service Organization or Information Technology Center (ITC) used by the District. NEOnet is an association of public school districts in a geographic area determined by the Ohio Department of Education. The purpose of the consortium is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All school districts in the consortium are required to pay fees, charges and assessments as charged. NEOnet is governed by a board, Metropolitan Regional Schools Council (MRSC) consisting of superintendents and treasurers from all of the participating districts. An elected Executive Board consisting of nine members of the governing board is the managerial body of the consortium and meets at least five times a year. The District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to NEOnet are made from the general fund. During fiscal year 2021, the District contributed \$188,208 to NEOnet for services provided. Financial information can be obtained by contacting NEOnet at 700 Graham Road, Cuyahoga Falls, Ohio 44221.

Six District Educational Compact - The Six District Educational Compact is a jointly governed organization to provide for the vocational and special education needs of the students of six participating school districts. The six-member board consists of the superintendent from each of the participating school districts. Students may attend any vocational or special education class offered by any of the six districts. If a student elects to attend a class offered by a school district other than the school district in which the student resides, the School District of residence pays an instructional fee to the school district that offered the class. Hudson City School District serves as the fiscal agent for this agreement, collecting and distributing payments. The Board exercises total control over the operation of the compact, including budgeting, appropriating, contracting and designating management. All revenues are generated from charges for services. Financial information can be obtained by contacting the Treasurer or fiscal agent at 2386 Hudson-Aurora Road, Hudson, Ohio 44236.

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

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

The following are the District's major governmental funds:

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

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

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

Bond retirement fund - The bond retirement fund is used to account for the accumulation of resources and payment of general obligation bond and principal and interest from governmental resources when the government is obligated in some manner for payment. It is also used to account for the accumulation of resources and payment of general obligation notes payable.

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

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following is a description of the District's proprietary fund:

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District's internal service fund accounts for the medical/surgical and prescription drug self-insurance program.

FIDUCIARY FUNDS

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Custodial funds are used to report fiduciary activity that is not required to be reported in a trust fund. The District has no fiduciary funds.

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District.

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

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

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

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

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets/deferred outflows of resources and current liabilities/deferred inflows of resources generally are included on the governmental funds 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.

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's internal service fund are charges for services. Operating expenses for the internal service fund include claims and purchased services expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange 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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, 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 District, See Notes 12 and 13 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, See Notes 12 and 13 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position. In addition, deferred inflows of resources include a deferred gain on debt refunding. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

E. Budgetary Data

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 of Education at the fund level for all funds. The Treasurer has been given the authority to allocate Board appropriations to the object level within all funds.

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

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

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

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

F. Cash and Investments

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

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

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

Under existing Ohio statutes all investment earnings are assigned to the general fund except for those specifically related to the auxiliary services fund, lunch room and trust fund authorized by Board resolution. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$5,313, which includes \$958 assigned from other District funds.

For presentation on the financial statements, 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 District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

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

G. Inventory

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

H. Capital Assets

The District's only capital assets are general capital assets. 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.

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

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

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

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

	<u>Description</u>	<u>Governmental Activities Estimated Lives</u>		
	Buildings and improvements	10 - 75 years		
	Furniture, fixtures and equipment		-	20
years	Vehicles		7 - 15 years	

I. Interfund Balances

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

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation is attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means.

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

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee who has accumulated unpaid leave is paid.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables and accrued liabilities payable from the internal service fund are reported on the proprietary fund financial statements.

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

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

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

L. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

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

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

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

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

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

M. Estimates

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

N. Net Position

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

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

O. Interfund Activity

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

P. Issuance Costs, Premiums and Accounting Gain on Debt Refunding

On the governmental fund financial statements, issuance costs, bond premiums, and deferred charges from debt refunding are recognized in the current period.

On the government-wide financial statements, issuance costs are recognized in the current period and are not amortized. Bond premiums are amortized over the term of the bonds using the straight-line method. Unamortized bond premiums are presented as an addition to the face amount of the bonds reported on the statement of net position. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 11.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

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

Q. Pensions/Other Postemployment Benefits (OPEB)

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

R. Extraordinary and Special Items

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

S. Fair Value

The 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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

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

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

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

<u>Nonmajor funds</u>	<u>Deficit</u>
Classroom facilities	\$ 189,384
Elementary and Secondary School Emergency	1,268,892
IDEA Part B	56,941
Title I	19,916
Title III	1,768
Supporting effective instruction	9,374
Miscellaneous federal grants	20,229

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

A. Cash on Hand

At fiscal year-end, the District had \$4,970 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

B. Deposits with Financial Institutions

At June 30, 2021, the carrying amount of all District deposits was \$3,974,608 and the bank balance of all District deposits was \$4,280,189. Of the bank balance, \$250,000 was covered by the FDIC and \$4,030,189 was covered by the Ohio Pooled Collateral System (OPCS).

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District's and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2021, the District's financial institution was approved for a reduced collateral rate through the OPCS of 60 percent. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

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

<u>Investment type</u>	<u>Measurement Value</u>	<u>Investment Maturities 6 months or less</u>
<i>Amortized cost:</i>		
STAR Ohio	\$ 6,370,212	\$ 6,370,212

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

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State Statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy does not specifically address custodial credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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

<u>Investment type</u>	<u>Measurement Value</u>	<u>% to Total</u>
<i>Amortized cost:</i>		
STAR Ohio	\$ 6,370,212	100.00

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2021:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,974,608
Investments	6,370,212
Cash on hand	<u>4,970</u>
Total	<u>\$ 10,349,790</u>
 <u>Cash and cash equivalents per statement of net position</u>	
Governmental activities	<u>\$ 10,349,790</u>

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 5 - INTERFUND TRANSACTIONS

Interfund balances at June 30, 2021, as reported on the fund financial statements, consist of the following amount due to/from other funds:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General fund	Nonmajor special revenue funds:	
	Food service	\$ 89,943
	Elementary and Secondary School Emergency	1,268,892
	Title III	1,304
	Miscellaneous federal grants	<u>20,229</u>
		<u>1,380,368</u>
	Nonmajor capital project fund:	
	Classroom facilities	<u>121,377</u>
Total due to/due from other funds		<u>\$ 1,501,745</u>

The primary purpose of the due to/from other funds is to cover the negative cash balances at fiscal year-end. The interfund balance will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed values as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Public utility real and personal property taxes received in calendar year 2021 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Summit and Portage Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available as an advance at June 30, 2021 was \$1,674,163 in the general fund, \$264,313 in the bond retirement fund and \$35,224 in the permanent improvement (a nonmajor capital projects fund). This amount is recorded as revenue. The amount available for advance at June 30, 2020 was \$1,553,750 in the general fund, \$252,448 in the bond retirement fund and \$32,948 in the permanent improvement (a nonmajor capital projects fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 6 - PROPERTY TAXES - (Continued)

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

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

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

	2020 Second Half Collections		2021 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 434,680,490	98.31	\$ 490,867,540	98.38
Public utility personal	<u>7,490,140</u>	<u>1.69</u>	<u>8,066,850</u>	<u>1.62</u>
Total	<u>\$ 442,170,630</u>	<u>100.00</u>	<u>\$ 498,934,390</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 82.23		\$ 80.46	

NOTE 7 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Community Reinvestment Areas

The City of Tallmadge provides tax abatements through the Tallmadge Community Reinvestment Area (CRA).

Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

The tax abatement agreements entered into by the City of Tallmadge under the CRA program affect the property tax receipts collected and distributed to the District. Under these agreements, the District property taxes were reduced by \$547,208 for fiscal year 2021.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2021 consisted of taxes, payment in lieu of taxes, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements. 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.

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 8 - RECEIVABLES - (Continued)

A summary of the principal items of receivables reported on the statement of net position follows:

<u>Governmental activities:</u>	
Property taxes	\$ 22,765,836
Payment in lieu of taxes	61,000
Accounts	<u>8,408</u>
Intergovernmental:	
Medicaid school program receivable	75,047
State foundation - FTE adjustments	17,411
Food service	270,284
Elementary and Secondary School Emergency	1,268,892
IDEA Part B	59,743
Title I	44,830
Supporting effective instruction	12,200
Miscellaneous federal grants	23,338
OSFC receivable	157,721
SERS true-up	<u>13,009</u>
Total intergovernmental receivables	<u>\$ 1,942,475</u>

Receivables have been disaggregated on the face of the financial statements. All receivables, except property taxes and the OSFC intergovernmental receivable, are expected to be collected within one year. Property taxes although ultimately collectible, include some portion of delinquencies that will not be collected within one year. The OSFC intergovernmental receivable of \$157,721 will be collected over the duration of the construction project.

NOTE 9 - CAPITAL ASSETS

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

	Balance <u>06/30/20</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>06/30/21</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 3,716,335	\$ -	\$ -	\$ 3,716,335
Construction in progress	<u>767,879</u>	<u>272,521</u>	<u>(1,040,400)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>4,484,214</u>	<u>272,521</u>	<u>(1,040,400)</u>	<u>3,716,335</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	92,389,699	1,289,206	(1,130,273)	92,548,632
Furniture, fixtures and equipment	2,525,320	38,859	-	2,564,179
Vehicles	<u>1,421,273</u>	<u>43,094</u>	<u>(624,481)</u>	<u>839,886</u>
Total capital assets, being depreciated	<u>96,336,292</u>	<u>1,371,159</u>	<u>(1,754,754)</u>	<u>95,952,697</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(9,514,059)	(1,229,641)	859,701	(9,883,999)
Furniture, fixtures and equipment	(2,235,643)	(58,140)	-	(2,293,783)
Vehicles	<u>(1,374,919)</u>	<u>(8,025)</u>	<u>624,481</u>	<u>(758,463)</u>
Total accumulated depreciation	<u>(13,124,621)</u>	<u>(1,295,806)</u>	<u>1,484,182</u>	<u>(12,936,245)</u>
Governmental activities capital assets, net	<u>\$ 87,695,885</u>	<u>\$ 347,874</u>	<u>\$ (1,310,972)</u>	<u>\$ 86,732,787</u>

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 9 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 660,969
Special	119,370
Vocational	52,812
<u>Support services:</u>	
Pupil	47,246
Instructional staff	25,397
Administration	62,457
Fiscal	3,761
Business	272
Operations and maintenance	110,929
Pupil transportation	2,419
Other non-instructional services	6,740
Food service operations	32,550
Extracurricular activities	170,884
Total depreciation expense	<u>\$ 1,295,806</u>

NOTE 10 - CAPITAL LEASES

In a prior fiscal year, the District entered into a capital lease for chrome books. The lease is paid out of the general fund. The lease of \$321,792 was not capitalized due to the individual chrome books being below the capitalization threshold. Capital lease payments have been reclassified as debt service expenditures in the basic financial statements for the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2021.

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 87,161
2023	<u>87,162</u>
Total minimum lease payments	174,323
Less: interest	<u>(12,254)</u>
Present value	<u>\$ 162,069</u>

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 11 - LONG-TERM OBLIGATIONS

The District's long-term obligations activity during fiscal year 2021 consisted of the following:

	Balance 06/30/20	Additions	Reductions	Balance 06/30/21	Amounts Due in One Year
Governmental activities:					
General obligation bonds:					
Series 2012, refunding school facilities bonds					
Current interest	\$ 6,115,000	\$ -	\$ (6,115,000)	\$ -	\$ -
Capital appreciation	39,489	-	-	39,489	-
Accreted interest	177,451	54,440	-	231,891	-
Series 2013, refunding school facilities bonds					
Current interest	2,530,000	-	(2,530,000)	-	-
Series 2018, refunding school facilities bonds					
Current interest	8,875,000	-	-	8,875,000	1,110,000
Series 2020, refunding school facilities bonds					
<i>Direct placement</i>					
Current interest	-	8,645,000	(1,205,000)	7,440,000	120,000
Series 2017-1, classroom facilities and school improvement bonds					
Current interest	26,760,000	-	(360,000)	26,400,000	375,000
Series 2017-2A, classroom facilities and school improvement bonds					
Current interest	7,160,000	-	(30,000)	7,130,000	30,000
Series 2017-2B, classroom facilities and school improvement bonds					
Current interest	2,010,000	-	-	2,010,000	-
Total general obligation bonds	<u>53,666,940</u>	<u>8,699,440</u>	<u>(10,240,000)</u>	<u>52,126,380</u>	<u>1,635,000</u>
Compensated absences	3,163,439	260,756	(375,426)	3,048,769	269,699
Capital lease	237,363	-	(75,294)	162,069	79,058
Net pension liability	31,135,562	1,773,781	-	32,909,343	-
Net OPEB liability	<u>2,875,991</u>	<u>-</u>	<u>(323,685)</u>	<u>2,552,306</u>	<u>-</u>
Total long-term obligations, governmental activities	<u>91,079,295</u>	<u>10,733,977</u>	<u>(11,014,405)</u>	<u>90,798,867</u>	<u>1,983,757</u>
Add: Unamortized premium on bonds	<u>2,029,339</u>	<u>-</u>	<u>(908,899)</u>	<u>1,120,440</u>	
Total on the statement of net position	<u>\$ 93,108,634</u>	<u>\$ 10,733,977</u>	<u>\$ (11,923,304)</u>	<u>\$ 91,919,307</u>	

A. General Obligation Bonds

The District has six outstanding general obligation bond issues at June 30, 2021. These bonds were issued for general governmental activities, specifically; construction, and/or renovation of school buildings, and the advance refunding of previous issues. These general obligation bonds are direct obligations of the district for which its full faith, credit, and resources are pledged and payable from taxes levied on all taxable property in the school district. Accordingly, such unmatured obligations of the District are accounted for in the statement of net position. Payments of principal and interest relating to these bonds are recorded as expenditures in the District's bond retirement fund.

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Series 2012 Refunding School Facilities Bonds

On October 24, 2012, the District issued general obligation bonds in the amount of \$8,569,489 to advance refund a portion of the 2005 school facilities bonds. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds at June 30, 2021, is \$8,570,000.

The current interest bonds were partially refunded in the amount of \$1,710,000 with proceeds from the Series 2018 refunding bonds. The difference in the amount refunded and the refunding for the 2018 refunding bonds is \$115,000. The remaining current interest bonds were refunded in the amount of \$6,115,000 with proceeds from the Series 2020 refunding bonds during fiscal year 2021.

At June 30, 2021, the debt issue is comprised of capital appreciation bonds (par value \$39,489). The interest rate on the current interest bonds is 2.00-4.00 percent. The capital appreciation bonds mature December 1, 2028 (approximate initial offering yield at maturity of 3.00 percent), at a redemption price equal to 100 percent of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,455,000. Total accreted interest of \$231,891 has been included in the statement of net position.

Series 2013 Refunding School Facilities Bonds

On April 23, 2013, the District issued general obligation bonds in the amount of \$14,684,991 to advance refund the remaining outstanding 2005 school facilities bonds. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds at June 30, 2021, is \$9,015,000.

The current interest bonds were partially refunded in the amount of \$7,540,000 with proceeds from the Series 2018 refunding bonds. The difference in the amount refunded and the refunding for the 2018 refunding bonds is \$260,000. The remaining current interest bonds were refunded in the amount of \$2,530,000 with proceeds from the Series 2020 refunding bonds during fiscal year 2021.

Series 2017-1 Classroom Facilities and School Improvement Bonds

On May 11, 2017, the District issued \$28,345,000, in school facilities construction and improvement general obligation bonds, Series 2017-1. The bonds were issued to retire the Series 2017 classroom facilities and school improvement notes, which were issued for the purpose of constructing, improving, furnishing and equipping new elementary and middle school buildings and athletic buildings and facilities, and renovating, clearing, improving, and equipping their sites. At June 30, 2021, the debt issue is comprised of current interest serial bonds (par value \$1,615,000) and current interest term bonds (par value \$24,785,000). The interest rate on the current interest serial bonds ranges from 2.00-4.00 percent and the interest rate on the current interest term bonds ranges from 3.375-5.00 percent. The Series 2017-1 bonds have been rated in conjunction with the District's participation in the Ohio Credit Enhancement Program.

Interest payments on the bonds are due on April 1 and October 1 of each year. The final maturity stated in the issue for the current interest serial bonds and current interest term bonds is October 1, 2024 and October 1, 2053, respectively.

The current interest term bonds 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 October 1 in the years and in the respective principal amounts as follows:

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Fiscal Year	2036	2041	2044	2047	2053
	<u>Term Bonds</u>	<u>Term Bonds</u>	<u>Term Bonds</u>	<u>Term Bonds</u>	<u>Term Bonds</u>
2025	\$ 10,000	\$ -	\$ -	\$ -	\$ -
2026	10,000	-	-	-	-
2027	10,000	-	-	-	-
2028	10,000	-	-	-	-
2029	10,000	-	-	-	-
2030	10,000	-	-	-	-
2031	10,000	-	-	-	-
2032	10,000	-	-	-	-
2033	10,000	-	-	-	-
2034	10,000	-	-	-	-
2035	10,000	-	-	-	-
2036	25,000	-	-	-	-
2037	-	55,000	-	-	-
2038	-	995,000	-	-	-
2039	-	1,085,000	-	-	-
2040	-	1,140,000	-	-	-
2041	-	1,195,000	-	-	-
2042	-	-	1,295,000	-	-
2043	-	-	1,350,000	-	-
2044	-	-	1,400,000	-	-
2045	-	-	-	1,500,000	-
2046	-	-	-	1,555,000	-
2047	-	-	-	1,615,000	-
2048	-	-	-	-	1,720,000
2049	-	-	-	-	1,785,000
2050	-	-	-	-	1,860,000
2051	-	-	-	-	1,955,000
2052	-	-	-	-	2,030,000
2053	-	-	-	-	2,115,000
	<u>\$ 135,000</u>	<u>\$ 4,470,000</u>	<u>\$ 4,045,000</u>	<u>\$ 4,670,000</u>	<u>\$ 11,465,000</u>

Series 2017-2A Classroom Facilities and School Improvement Bonds

On May 31, 2017, the District issued \$7,400,000, in school facilities construction and improvement general obligation bonds, Series 2017-2A. The bonds were issued to retire a portion of the \$9,900,000 Series 2016 classroom facilities and school improvement notes, which were issued for the purpose of constructing, improving, furnishing and equipping new elementary and middle school buildings and renovating, clearing, improving, and equipping their sites. At June 30, 2021, the debt issue is comprised of current interest serial bonds (par value \$795,000) and current interest term bonds (par value \$6,335,000). The interest rate on the current interest serial bonds ranges from 2.00-4.00 percent and the interest rate on the current interest term bonds ranges from 3.10-4.00 percent. The Series 2017-2A bonds have been rated in conjunction with the District's participation in the Ohio Credit Enhancement Program.

Interest payments on the bonds are due on April 1 and October 1 of each year. The final maturity stated in the issue for the current interest serial bonds and current interest term bonds is October 1, 2030 and October 2037, respectively.

The current interest term bonds 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 October 1 in the years and in the respective principal amounts as follows:

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

<u>Fiscal Year</u>	<u>Term Bonds</u>	<u>Term Bonds</u>
2028	\$ 130,000	\$ -
2029	610,000	-
2030	-	-
2031	-	700,000
2032	-	720,000
2033	-	780,000
2034	-	805,000
2035	-	830,000
2036	-	880,000
2037	-	880,000
	<u>\$ 740,000</u>	<u>\$ 5,595,000</u>

Series 2017-2B Classroom Facilities and School Improvement Bonds

On May 31, 2017, the District issued \$2,110,000, in school facilities construction and improvement general obligation bonds, Series 2017-2B. The bonds were issued to retire a portion of the \$9,900,000 Series 2016 classroom facilities and school improvement notes, which were issued for the purpose of constructing, improving, furnishing and equipping new elementary and middle school buildings and renovating, clearing, improving, and equipping their sites. At June 30, 2021, the debt issue is comprised of current interest serial bonds (par value \$2,010,000). The interest rate on the current interest serial bonds ranges from 2.00-4.00 percent. The Series 2017-2B bonds have not been rated in conjunction with the District's participation in the Ohio Credit Enhancement Program.

Interest payments on the bonds are due on April 1 and October 1 of each year. The final maturity stated in the issue for the current interest serial bonds is October 1, 2028.

Series 2018 Refunding School Facilities Bonds

On October 18, 2018, the District issued general obligation bonds in the amount of \$8,875,000 to refund a portion of the 2012 and 2013 school facilities refunding bonds. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The remaining portions of the 2012 and 2013 school facilities refunding bonds were refunded with the proceeds from the Series 2020 refunding school facilities bonds. The balance of the 2012 and 2013 refunded bonds at June 30, 2021, is \$1,710,000 and \$7,540,000, respectively.

At June 30, 2021, the debt issue is comprised of current interest serial bonds (par value \$5,945,000) and current interest term bonds (par value \$2,930,000). The interest rate on the current interest serial bonds ranges from 2.75-4.00 percent and the interest rate on the current interest term bonds is 4.00 percent. The net carrying amount exceeded the reacquisition price of the old debt by \$244,303. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This refunding was undertaken to reduce the combined total debt service payments through December 1, 2029 by \$495,172 and resulted in a net present value economic gain of \$413,126.

Interest payments on the bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2029.

Series 2020 Refunding School Facilities Bonds

On September 23, 2020, the District issued general obligation bonds through direct placement in the amount of \$8,645,000 to refund the remaining portion of the 2012 and 2013 school facilities refunding bonds. The refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the 2012 and 2013 refunded bonds at June 30, 2021, is \$6,000,000 and \$1,440,000, respectively.

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

At June 30, 2021, the debt issue is comprised of current interest term bonds (par value \$7,440,000). The interest rate on the current interest term bonds is 1.72 percent. The reacquisition price of the old debt exceeded the net carrying amount by \$195,094. This gain is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. This refunding was undertaken to reduce the combined total debt service payments through December 1, 2032 by \$995,612 and resulted in a net present value economic gain of \$901,984.

Interest payments on the bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2032.

The refunding bonds were issued through Truist Bank and are considered a direct placement. Direct placements occur when the District issues a debt security directly to an investor. Direct placements have terms negotiated directly with the investor and are not offered for public sale.

The following is a summary of the future debt service requirements to maturity for the general obligation bonds.

Fiscal Year	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 1,635,000	\$ 1,918,263	\$ 3,553,263	\$ -	\$ -	\$ -
2023	1,695,000	1,863,500	3,558,500	-	-	-
2024	1,730,000	1,804,863	3,534,863	-	-	-
2025	1,845,000	1,740,440	3,585,440	-	-	-
2026	1,900,000	1,672,208	3,572,208	-	-	-
2027-2031	9,280,000	7,347,804	16,627,804	39,489	1,415,511	1,455,000
2032-2036	7,335,000	5,788,516	13,123,516	-	-	-
2037-2041	5,060,000	4,906,234	9,966,234	-	-	-
2042-2046	6,740,000	3,579,079	10,319,079	-	-	-
2047-2051	8,535,000	2,096,699	10,631,699	-	-	-
2052-2054	6,100,000	372,400	6,472,400	-	-	-
Total	\$ 51,855,000	\$ 33,090,006	\$ 84,945,006	\$ 39,489	\$ 1,415,511	\$ 1,455,000

B. Other Long-Term Obligations

Compensated Absences

Compensated absences will be paid from the fund from which the person is paid, which, is primarily the general fund.

Net Pension Liability and Net OPEB Liability/Asset

The District pays obligations related to employee compensation from the fund benefitting their service. See Notes 12 and 13 to the notes to the basic financial statements for details.

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

C. Legal Debt Margin

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

Ohio Revised Code Section 133.06(I) provides that a school district may incur indebtedness in excess of the 9 percent limitation when necessary to raise the school district's portion of the basic project cost and any additional funds necessary to participate in a project under Chapter 3318 of the Ohio Revised Code, including the cost of items designated by the OSFC as required locally funded initiatives, the cost of other locally funded initiatives in an amount that does not exceed 50 percent of the school district's portion of the basic project cost, and the cost for site acquisition. As a result, any portion of the otherwise nonexempt debt authorized by the District voters at the election on November 8, 2016, in excess of the 9 percent limitation is exempted from that limitation. At June 30, 2021, the District's voted legal debt margin was \$0 and the unvoted legal debt margin was \$498,934.

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/Asset

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

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

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

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description - The District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at 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 after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

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

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The District's contractually required contribution to SERS was \$548,149 for fiscal year 2021. Of this amount, \$27,341 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at 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 (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

The District's contractually required contribution to STRS was \$1,893,285 for fiscal year 2021. Of this amount, \$339,464 is reported as 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 District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.11177890%	0.11055075%	
Proportion of the net pension liability current measurement date	<u>0.11320450%</u>	<u>0.10506404%</u>	
Change in proportionate share	<u>0.00142560%</u>	<u>-0.00548671%</u>	
Proportionate share of the net pension liability	\$ 7,487,584	\$ 25,421,759	\$ 32,909,343
Pension expense	\$ 808,837	\$ 2,978,121	\$ 3,786,958

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 14,545	\$ 57,040	\$ 71,585
Net difference between projected and actual earnings on pension plan investments	475,310	1,236,264	1,711,574
Changes of assumptions	-	1,364,659	1,364,659
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	54,678	8,225	62,903
Contributions subsequent to the measurement date	<u>548,149</u>	<u>1,893,285</u>	<u>2,441,434</u>
Total deferred outflows of resources	<u>\$ 1,092,682</u>	<u>\$ 4,559,473</u>	<u>\$ 5,652,155</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 162,556	\$ 162,556
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>21,902</u>	<u>1,310,369</u>	<u>1,332,271</u>
Total deferred inflows of resources	<u>\$ 21,902</u>	<u>\$ 1,472,925</u>	<u>\$ 1,494,827</u>

\$2,441,434 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ 11,979	\$ 477,300	\$ 489,279
2023	163,721	33,065	196,786
2024	198,120	360,394	558,514
2025	<u>148,811</u>	<u>322,504</u>	<u>471,315</u>
Total	<u>\$ 522,631</u>	<u>\$ 1,193,263</u>	<u>\$ 1,715,894</u>

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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:

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

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

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

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

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 10,257,076	\$ 7,487,584	\$ 5,163,928

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:

	<u>July 1, 2020</u>
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 36,196,159	\$ 25,421,759	\$ 16,291,353

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was \$74,854.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$74,854 for fiscal year 2021. Of this amount, \$74,854 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.11436310%	0.11055075%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.11743770%</u>	<u>0.10506404%</u>	
Change in proportionate share	<u>0.00307460%</u>	<u>-0.00548671%</u>	
Proportionate share of the net OPEB liability	\$ 2,552,306	\$ -	\$ 2,552,306
Proportionate share of the net OPEB asset	\$ -	\$ (1,846,500)	\$ (1,846,500)
OPEB expense	\$ (10,751)	\$ (115,113)	\$ (125,864)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 33,523	\$ 118,314	\$ 151,837
Net difference between projected and actual earnings on OPEB plan investments	28,757	64,712	93,469
Changes of assumptions	435,080	30,481	465,561
Difference between employer contributions and proportionate share of contributions/change in proportionate share	61,239	4,559	65,798
Contributions subsequent to the measurement date	<u>74,854</u>	<u>-</u>	<u>74,854</u>
Total deferred outflows of resources	<u>\$ 633,453</u>	<u>\$ 218,066</u>	<u>\$ 851,519</u>

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 1,298,027	\$ 367,797	\$ 1,665,824
Changes of assumptions	64,288	1,753,867	1,818,155
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>39,350</u>	<u>33,018</u>	<u>72,368</u>
Total deferred inflows of resources	<u>\$ 1,401,665</u>	<u>\$ 2,154,682</u>	<u>\$ 3,556,347</u>

\$74,854 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2022.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (172,988)	\$ (482,143)	\$ (655,131)
2023	(170,910)	(438,342)	(609,252)
2024	(171,248)	(422,979)	(594,227)
2025	(165,523)	(415,007)	(580,530)
2026	(121,704)	(87,637)	(209,341)
Thereafter	<u>(40,693)</u>	<u>(90,508)</u>	<u>(131,201)</u>
Total	<u>\$ (843,066)</u>	<u>\$ (1,936,616)</u>	<u>\$ (2,779,682)</u>

Actuarial Assumptions - SERS

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

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

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

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 3,123,959	\$ 2,552,306	\$ 2,097,842
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,009,746	\$ 2,552,306	\$ 3,277,846

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation, compared with July 1, 2019, are presented below:

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

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

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

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

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

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

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 1,606,574	\$ 1,846,500

	1% Decrease	Current Trend Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 2,037,430	\$ 1,846,500

NOTE 14 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn three to twenty-five 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.

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 14 - OTHER EMPLOYEE BENEFITS - (Continued)

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. A percentage of unused sick time is paid at retirement. All employees who are eligible to retire will receive a severance benefit upon retirement limited to 25 percent of the accumulated sick leave to a maximum pay out of seventy days for certified employees and sixty-eight days for classified employees. The maximum payout in days is determined by their individual contracts.

B. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees.

NOTE 15 - RISK MANAGEMENT

A. Property and Liability

The 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. These risks are covered by commercial insurance purchased from independent third parties. The following is a summary of the District's insurance coverage with Todd & Associates, Inc. as of June 30, 2021:

Coverage	Amount
Buildings and Contents - Replacement Costs	\$ 105,213,968
Inland Marine	65,000
Boiler and Machinery	50,000,000
Crime Insurance	1,000,000
Automobile Liability	1,000,000
Flood and Earthquake	1,000,000
Uninsured Motorists	75,000
General Liability:	
Per Occurrence	1,000,000
Total Per Year	10,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage in the past three years.

All employees of the District are covered by a blanket bond, while certain individuals in policy making roles are covered by separate, higher limit bond coverage.

B. Medical/Surgical, Prescription Drug and Dental Insurance

As of January 1, 2015, the District uses an internal service fund to record and report its self-funded health care insurance program. Premium rates are set based on an annual review process with the District's insurance consultant.

The District purchases specific and aggregate stop loss coverage to limit liability for health claims. However, the District still purchases a fully funded program from Delta Dental for dental coverage.

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 15 - RISK MANAGEMENT - (Continued)

The claims liability of \$347,600 reported in the internal service fund at June 30, 2021 is based on the requirements of GASB Statement No. 30 “Risk Financing Omnibus”, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustment expenses and does not include other allocated or unallocated claims adjustment expenses. The District purchases specific and aggregate stop loss coverage to limit liability for health claims. However, the District still purchases a fully funded program from Delta Dental for dental coverage. Changes in the fund’s claims liability in 2021 was:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2021	\$ 326,200	\$ 3,065,978	\$ 3,044,578	\$ 347,600
2020	333,879	2,857,715	2,865,394	326,200

C. Workers’ Compensation

For fiscal year 2021, the District participated in the Sheakley UniServe Workers’ Compensation Group Retrospective Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. Under the GRP, the participating districts continues to pay their own individual premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating districts receive either a premium refund or an assessment. The participating districts pay an experience- or base-rated premium under the same terms as if they were not in a retrospective group. The group-retrospective premiums are recalculated twelve months after the end of the policy year and the recalculated premium is compared to the standard premium. If the retrospective premium is lower than the standard premium, the participating districts receive a refund. If the retrospective premium is higher than the standard premium, the participating districts are charged an assessment. Participation in the GRP is limited to school districts that can meet the GRP’s selection criteria. The firm of Sheakley UniServe provides administrative, cost control and actuarial services to the GRP.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

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

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

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 250,820
Net adjustment for revenue accruals	206,847
Net adjustment for expenditure accruals	(770,066)
Net adjustment for other sources/uses	(151,669)
Funds budgeted elsewhere *	16,966
Adjustment for encumbrances	2,580,049
GAAP basis	\$ 2,132,947

*Certain funds that are legally budgeted in separate special revenue and custodial funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies, rotary, public school support, unclaimed monies and underground storage tank funds.

NOTE 17 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2020	\$ -
Current fiscal year set-aside requirement	433,684
Current fiscal year offsets	(389,653)
Prior year offset from bond proceeds	(44,031)
Total	\$ -
Balance carried forward to fiscal year 2022	\$ -
Set-aside balance June 30, 2021	\$ -

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 17 - SET-ASIDES - (Continued)

The District has qualifying disbursements during the fiscal year that reduced the capital improvements set-aside amount to below zero. The negative set-aside balance for the capital improvements may not be used to reduce the set-aside requirements of future years. This negative balance is therefore not presented as being carried forward to future years. The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$37,323,864 at June 30, 2021.

NOTE 18 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Fiscal Year-End Encumbrances</u>
General	\$ 2,178,607
Other governmental	<u>567,180</u>
Total	<u>\$ 2,745,787</u>

NOTE 19 - CONTINGENCIES

A. Grants

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data; however, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2021, if applicable, cannot be determined at this time.

B. Litigation

The District is involved in no pending litigation that would have a material effect on the financial condition of the District.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year-end. As of the date of this report, additional ODE adjustments for fiscal year 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 will result in either a receivable to, or liability of, the District.

NOTE 20 - 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. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District's investment portfolio and the pension and other employee benefits plan in which the District participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

NOTE 20 - COVID-19 - (Continued)

During fiscal year 2021, the District received \$260,418 as an on-behalf of grant from another government. These amounts are recorded in the coronavirus relief fund (a nonmajor governmental fund).

NOTE 21 - SUBSEQUENT EVENT

For fiscal year 2022, District foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, 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 District were funded to the District who, in turn, made the payment to the educating school. For fiscal year 2021, the District reported \$1,348,545 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 District. The District’s state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

NOTE 22 – OHIO COMPLIANCE

Contrary to ORC 5705.39, the District had funds in which appropriations exceeded estimated resources.

Contrary to ORC 5704.41(B), the District had funds in which expenditures exceeded appropriations.

Contrary to ORC 5705.41(D), the District made expenditures prior to certification.

REQUIRED SUPPLEMENTARY INFORMATION

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.11320450%	0.11177890%	0.11377420%	0.11375570%
District's proportionate share of the net pension liability	\$ 7,487,584	\$ 6,687,928	\$ 6,516,059	\$ 6,796,652
District's covered payroll	\$ 4,009,314	\$ 3,827,504	\$ 3,806,326	\$ 3,663,236
District's proportionate share of the net pension liability as a percentage of its covered payroll	186.75%	174.73%	171.19%	185.54%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014
0.11754120%	0.11905320%	0.12394500%	0.12394500%
\$ 8,602,931	\$ 6,793,291	\$ 6,272,786	\$ 7,370,364
\$ 3,009,090	\$ 2,847,473	\$ 2,799,257	\$ 2,846,575
285.90%	238.57%	224.09%	258.92%
62.98%	69.16%	71.70%	65.52%

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.10506404%	0.11055075%	0.11277682%	0.11339407%
District's proportionate share of the net pension liability	\$ 25,421,759	\$ 24,447,634	\$ 24,797,091	\$ 26,937,004
District's covered payroll	\$ 12,611,757	\$ 12,906,607	\$ 12,996,721	\$ 12,441,293
District's proportionate share of the net pension liability as a percentage of its covered payroll	201.57%	189.42%	190.79%	216.51%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.11319513%	0.11113764%	0.11015718%	0.11015718%
\$ 37,889,822	\$ 30,715,193	\$ 26,794,038	\$ 31,916,200
\$ 12,174,936	\$ 11,797,393	\$ 11,506,985	\$ 11,650,538
311.21%	260.36%	232.85%	273.95%
66.80%	72.10%	74.70%	69.30%

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 548,149	\$ 561,304	\$ 516,713	\$ 513,854
Contributions in relation to the contractually required contribution	<u>(548,149)</u>	<u>(561,304)</u>	<u>(516,713)</u>	<u>(513,854)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,915,350	\$ 4,009,314	\$ 3,827,504	\$ 3,806,326
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

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>
\$ 512,853	\$ 396,598	\$ 390,958	\$ 387,977	\$ 393,966	\$ 395,994
<u>(512,853)</u>	<u>(396,598)</u>	<u>(390,958)</u>	<u>(387,977)</u>	<u>(393,966)</u>	<u>(395,994)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,663,236	\$ 3,009,090	\$ 2,847,473	\$ 2,799,257	\$ 2,846,575	\$ 2,944,193
14.00%	13.18%	13.73%	13.86%	13.84%	13.45%

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,893,285	\$ 1,765,646	\$ 1,806,925	\$ 1,819,541
Contributions in relation to the contractually required contribution	<u>(1,893,285)</u>	<u>(1,765,646)</u>	<u>(1,806,925)</u>	<u>(1,819,541)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 13,523,464	\$ 12,611,757	\$ 12,906,607	\$ 12,996,721
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

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>
\$ 1,741,781	\$ 1,704,491	\$ 1,651,635	\$ 1,495,908	\$ 1,514,570	\$ 1,699,709
<u>(1,741,781)</u>	<u>(1,704,491)</u>	<u>(1,651,635)</u>	<u>(1,495,908)</u>	<u>(1,514,570)</u>	<u>(1,699,709)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 12,441,293	\$ 12,174,936	\$ 11,797,393	\$ 11,506,985	\$ 11,650,538	\$ 13,074,685
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability	0.11743770%	0.11436310%	0.11525110%	0.11516320%
District's proportionate share of the net OPEB liability	\$ 2,552,306	\$ 2,875,991	\$ 3,197,377	\$ 3,090,678
District's covered payroll	\$ 4,009,314	\$ 3,827,504	\$ 3,806,326	\$ 3,663,236
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	63.66%	75.14%	84.00%	84.37%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017

0.11855788%

\$ 3,379,338

\$ 3,009,090

112.30%

11.49%

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net OPEB liability/asset	0.10506404%	0.11055075%	0.11277682%	0.11339407%
District's proportionate share of the net OPEB liability/(asset)	\$ (1,846,500)	\$ (1,830,985)	\$ (1,812,208)	\$ 4,424,218
District's covered payroll	\$ 12,611,757	\$ 12,906,607	\$ 12,996,721	\$ 12,441,293
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	(14.64%)	(14.19%)	(13.94%)	35.56%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	174.70%	176.00%	47.10%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017

0.11319513%

\$ 6,053,705

\$ 12,174,936

49.72%

37.30%

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 74,854	\$ 75,282	\$ 88,059	\$ 80,528
Contributions in relation to the contractually required contribution	<u>(74,854)</u>	<u>(75,282)</u>	<u>(88,059)</u>	<u>(80,528)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,915,350	\$ 4,009,314	\$ 3,827,504	\$ 3,806,326
Contributions as a percentage of covered payroll	1.91%	1.88%	2.30%	2.12%

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>
\$ 61,506	\$ 20,963	\$ 20,665	\$ 64,186	\$ 65,017	\$ 71,654
<u>(61,506)</u>	<u>(20,963)</u>	<u>(20,665)</u>	<u>(64,186)</u>	<u>(65,017)</u>	<u>(71,654)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,663,236	\$ 3,009,090	\$ 2,847,473	\$ 2,799,257	\$ 2,846,575	\$ 2,944,193
1.68%	0.70%	0.73%	2.29%	2.28%	2.43%

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 13,523,464	\$ 12,611,757	\$ 12,906,607	\$ 12,996,721
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

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>
\$ -	\$ -	\$ -	\$ 115,070	\$ 116,505	\$ 130,747
-	-	-	(115,070)	(116,505)	(130,747)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 12,441,293	\$ 12,174,936	\$ 11,797,393	\$ 11,506,985	\$ 11,650,538	\$ 13,074,685
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2021.

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2021.

(Continued)

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

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

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Tallmadge City School District
Summit County
486 East Avenue
Tallmadge, Ohio 44278

To the Board of Education:

We have audited, in accordance with auditing standards general 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 Tallmadge City School District, Summit County, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 8, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Tallmadge City 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 statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

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

Wilson, Phillips & Agin, CPA's, Inc.
Zanesville, Ohio
December 8, 2021

**WILSON, PHILLIPS & AGIN, CPA'S, INC.
1100 BRANDYWINE BLVD. BUILDING G
ZANESVILLE, OHIO 43701**

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

Tallmadge City School District
Summit County
486 East Avenue
Tallmadge, Ohio 44278

To the Board of Education:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

The Tallmadge City 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 programs.

Auditor's Responsibility

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

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

Opinion

In our opinion, the Tallmadge City School District complied, in all material respects, with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

The Tallmadge City 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 Tallmadge City School District's internal control over compliance with the applicable requirements that could directly and materially affect on 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 Tallmadge City 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 the 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 compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Wilson, Phillips & Agin, CPA's, Inc.
Tallmadge, Ohio
December 8, 2021

**TALLMADGE CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS
2 CFR SECTION 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 control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies In internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other 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:	ESSER, CFDA #84.425D Nutrition Cluster, CFDA #10,553, #10.555, #10.559
(d)(1)(viii)	Dollar Threshold: Type A\B Programs:	Type A: >\$750,000; Type B: All Others
(d)(1)(ix)	Low Risk Auditee under v 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

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements	Pass Through to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE:							
Pass through Ohio Department of Education							
Nutrition Cluster							
National School Breakfast Program	n/a	10.553	394	19,964	394	19,964	-
National School Breakfast Program-Covid-19	n/a	10.553	57,302	-	57,302	-	-
Summer Food Service Program	n/a	10.559	661,156	-	661,156	-	-
National School Lunch Program	n/a	10.555	7,494	39,890	7,494	39,890	-
National School Lunch Program-Covid-19	n/a	10.555	107,788	-	107,788	-	-
Total Nutrition Cluster			834,134	59,854	834,134	59,854	-
Total U.S. Department of Agriculture			834,134	59,854	834,134	59,854	-
U.S. DEPARTMENT OF TREASURY:							
Pass through Ohio Department of Education							
COVID-19 Coronavirus Relief Fund	n/a	21.019	121,043	-	121,043	-	-
COVID-19 Coronavirus Relief Fund-Broadband	n/a		58,080	-	58,080	-	-
Pass through Summit County							
COVID-19 Coronavirus Relief Fund	n/a	21.019	260,418	-	260,418	-	-
Total U.S. Department of Treasury			439,541	-	439,541	-	-
U.S. DEPARTMENT OF EDUCATION:							
Pass through Ohio Department of Education							
Title I Educationally Deprived Children	4488-3M00-2020	84.010	985	-	2,002	-	-
	4488-3M00-2020		91,632	-	87,660	-	-
	4488-3M00-2021		12,522	-	13,006	-	-
	4488-3M00-2021		262,331	-	246,373	-	-
			367,470	-	349,041	-	-
Elementary and Secondary School Emergency Relief Fund (ESSER)	ESSER	84.425D	-	-	295,760	-	-
	ESSER II		-	-	874,270	-	-
	ESSER III ARP		-	-	98,863	-	-
			-	-	1,268,893	-	-
Special Education Cluster:							
Title VI-B Special Education Assistance	4488-3M20-2020	84.027	91,585	-	78,212	-	-
	4488-3M20-2021		454,502	-	435,593	-	-
Total Special Education Cluster			546,087	-	513,805	-	-
Supporting Effective Instruction	4488-3Y60-2020	84.367	15,675	-	16,582	-	-
	4488-3Y60-2021		59,083	-	57,358	-	-
			74,758	-	73,940	-	-
Career and Technical Education Basic State Grant	4488-3190-2019	84.048	-	-	688	-	-
	4488-3190-2021		2,800	-	-	-	-
			2,800	-	688	-	-
Title III LEP	4488-2020	84.365	6,196	-	5,567	-	-
	4488-2021		1,000	-	2,304	-	-
			7,196	-	7,871	-	-
Title IV Student Support & Enrichment	4488-3H10-2020	84.424	20,017	-	19,666	-	-
	4488-3H10-2021		15,187	-	35,416	-	-
			35,204	-	55,082	-	-
Total U.S. Department of Education			1,033,515	-	2,269,320	-	-
Total Federal Awards Expenditures			2,307,190	59,854	3,542,995	59,854	-

See notes to Schedule of Federal Awards Expenditures.

**TALLMADGE CITY SCHOOL DISTRICT
SUMMIT COUNTY
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

NOTES A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Tallmadge City School District's federal award receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - GENERAL

The basis for determining when federal awards are expended is presented 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. In addition, expenditures reported on the Schedule are recognized following, as applicable, either the cost principles contained in OMB Circular A-87, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

The School District has not elected to use the 10 percent de minimus indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

NOTE C - SUBRECIPIENTS

The School District passes-through certain Federal assistance received from the U.S. Department of Education to other governments or not-for-profit agencies (subrecipients). As described in Note A, the School District records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under the Uniform Guidance, the School District is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved. There were no subrecipients in the year ended June 30, 2020.

NOTES D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

Tallmadge City School District reports commodities on the Schedule at fair value. The District allocated donated food commodities to the respective program that benefited from the use of those donated food commodities.

NOTE F – DONATED PPE (UNAUDITED)

During FY21, the District received donated personal protective equipment (PPE) which had a fair market value of \$5,000.

OHIO AUDITOR OF STATE KEITH FABER



TALLMADGE CITY SCHOOL DISTRICT

SUMMIT 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 2/8/2022

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