

**WAYNE LOCAL SCHOOL DISTRICT**  
**WARREN COUNTY, OHIO**

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED**  
**JUNE 30, 2021**



OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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Members of the Board  
Wayne Local School District  
659 Dayton Road  
Waynesville, OH 45068

We have reviewed the *Independent Auditor's Report* of Wayne Local School District, Warren County, prepared by Julian & Grube, Inc., for the audit period July 1, 2020 through June 30, 2021. 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. Wayne Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

January 28, 2022

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**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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## Independent Auditor's Report

Wayne Local School District  
Warren County  
5037 E Old State Rt 73 Road  
Waynesville, Ohio 45068

To the Board of Education:

### ***Report on the Financial Statements***

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

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 2; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Wayne Local School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Wayne Local School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Wayne Local School District, Warren County, Ohio, as of June 30, 2021, and the respective changes in cash basis financial position thereof and the budgetary comparison for the general fund for the fiscal year then ended in accordance with the cash basis of accounting described in Note 2.

***Basis of Accounting***

Ohio Administrative Code § 117-2-03(B) requires the Wayne Local School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

***Emphasis of Matter***

As described in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Wayne Local School District. Our opinions are not modified with respect to this matter.

***Other Matters***

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Wayne Local School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole that collectively comprise the Wayne Local School District's basic financial statements. The *management's discussion and analysis* listed in the table of contents, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2021, on our consideration of the Wayne Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Wayne Local School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Wayne Local School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
October 29, 2021



**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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

As Management of Wayne Local School District (the "District"), we offer readers of the District financial statements this narrative overview and analysis of the 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 notes to the financial statement to enhance their understanding of the District's financial results.

The key component of operations is cash. The overall cash position is as follows:

- The Net position of governmental activities decreased by \$7,706,872. Excluding the impact of construction, the increase was \$1,138,589. At the close of the 2021 fiscal year, the District's governmental funds reported a cash fund balance of \$29,816,510. Of this amount \$14,286,222 are unassigned funds that are available for spending to support operations at Management's discretion.

**Overview of the Financial Statements**

The following overview and discussion is intended to serve as an introduction to the District's Financial Statements. The statements are comprised of three components: 1) Government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements.

**Government-wide Financial Statements:** These financial statements are designed to provide readers with a broad overview of the District's finances.

The "*Statement of Net Position – Cash Basis*" presents information on all of the District's cash assets presented as net position. Over time, increases or decreases of net position may serve as an indicator of whether the financial position of the District is improving or deteriorating. However, it is important to note that the District's mission is to provide a thorough and efficient educational program and not to generate profits as private sector companies strive to do. To assess the financial well being of the District, one must consider the health of the District's property tax base, current and any changes to property tax laws in Ohio including those that restrict revenue growth.

The "*Statement of Activities – Cash Basis*" present information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported on a cash basis and thus correspond with the addition or liquidation of cash.

The government-wide financial statements can be found starting on pages 11-12 of the report.

**Fund Financial Statements:** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District like other public schools in Ohio, as well as other governmental units, use fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds can be found in governmental funds.

*Governmental Funds:* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government or district-wide cash basis financial cash statements. The General Fund, Building Fund, and Classroom Facilities Fund (major funds) are separate since they are not part of the aggregate.

The District maintains many individual governmental funds. Information is presented in a single aggregated total of the governmental funds with the *Statement of Cash Receipts, Disbursement and Changes in Cash Basis Fund Balances* presentation.

The District adopts an annual appropriated budget for its General Fund as well as other Governmental Funds. A budgetary comparison statement has been prepared for the General Fund to demonstrate compliance with this budget.

The cash basis governmental fund financial statement can be found on pages 13-15 of this report.

**Notes to the 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. The notes can be found on pages 17 to 43 of this report.

**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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

**Government-Wide Financial Analysis**

As noted earlier net position cash basis serve over time as a useful indicator of a school district's financial position. The District has chosen to report financials on the *Other Comprehensive Basis of Accounting* in a format similar to that required by Governmental Accounting Statement No. 34. This format requires a comparative analysis of Government-wide data in the Management Discussion and Analysis section.

**Net Position**

	<b>2021</b>	<b>2020</b>
Cash	\$ 29,816,510	\$ 37,523,382
Total Assets	<u>\$ 29,816,510</u>	<u>\$ 37,523,382</u>
<b>Net Position</b>		
Restricted for:		
Debt Service	960,369	804,777
Capital / PI Related	10,545,562	18,002,639
Cafeteria	65,066	57,158
Activity Funds	232,036	267,015
Other Funds	632,715	471,534
Total Restricted	<u>\$ 12,435,748</u>	<u>\$ 19,603,123</u>
Unrestricted	<u>\$ 17,380,762</u>	<u>\$ 17,920,259</u>
Total Net Position	<u>\$ 29,816,510</u>	<u>\$ 37,523,382</u>

The overall net position is down \$7,706,872 and is mostly reflected in the District's capital outlay. This is due to costs associated with a new Elementary Building. The District's unrestricted cash did decrease \$539,497.

Table 2 shows the highlights of the District's cash receipts and cash disbursements. These two main components are subtracted to yield the change in net position. The first presentation is cash receipts and the receipts are divided into two major components: program cash receipts and general cash receipts. Program cash receipts are defined as charges for services and sales, capital and operating grants, and contributions. General cash receipts include property taxes, unrestricted grants, such as State foundation support, unrestricted contributions, investment earnings and miscellaneous revenues.

**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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

The second presentation of Table 2 is that Cash Disbursements are shown in programs that are easily identifiable utilizing the current Uniform School Accounting System (USAS) coding structure.

**Change in Net Position**

	2021	2020
Cash Receipts		
Program Cash Receipts:		
Charges for Services and Sales	\$ 1,167,504	\$ 1,559,649
Operating Grants & Contributions	1,554,010	1,167,548
Capital Grants & Contributions	2,000	42,405
<u>Total Program Cash Receipts</u>	<u>\$ 2,723,514</u>	<u>\$ 2,769,602</u>
General Cash Receipts		
Property Taxes	12,709,130	10,884,590
Grants and Entitlements not Restricted to Specific Programs	5,307,615	4,921,497
Grants and Entitlements Restricted for Ohio Facilities Construction Commission	1,813,627	2,051,888
Investment Earnings	261,710	1,029,403
Miscellaneous	89,240	32,461
<u>Total General Cash Receipts</u>	<u>20,181,322</u>	<u>18,919,839</u>
<u><u>Total Cash Receipts</u></u>	<u><u>\$ 22,904,836</u></u>	<u><u>\$ 21,689,441</u></u>

**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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

**Change in Net Position - Continued**

	<b>2021</b>	<b>2020</b>
<b>Expenses</b>		
<b>Program Cash Disbursements</b>		
<b>Instruction:</b>		
Regular	\$ 8,534,897	\$ 8,260,772
Special	2,792,295	2,503,207
Other	-	13,070
<b>Support Services:</b>		
Pupil	1,142,768	1,191,823
Instructional Staff	274,923	265,077
Board of Education	58,123	32,234
Administration	1,045,646	893,189
Fiscal	369,941	332,043
Business	139,107	104,920
Operation and Maintenance	1,208,915	921,535
Pupil Transportation	865,524	762,055
Central	63,926	65,320
<b>Other:</b>		
Operation of Non-Instructional/ Enterprise	51,964	16,268
Operation of Food Services	238,133	247,337
Extracurricular Activities	587,245	726,075
Facilities Acquisition and Construction	11,291,513	9,485,497
<b>Debt Service:</b>		
Principal	1,005,000	960,000
Interest	941,788	979,838
<b>Total Cash Disbursements</b>	<u>30,611,708</u>	<u>27,760,260</u>
<b>Change in Net Position</b>	<u>(7,706,872)</u>	<u>(6,070,819)</u>
<b>Net Position, Beginning of the Year</b>	<u>37,523,382</u>	<u>43,594,201</u>
<b>Net Position, End of the Year</b>	<u>\$ 29,816,510</u>	<u>\$ 37,523,382</u>

**Governmental Activities**

Grants and entitlements not restricted to specific programs made up 23.17% of cash receipts for governmental activities of the District for fiscal year 2021. Property tax receipts made up 55.49% of the total cash receipts for governmental activities. These two items make up a total of 78.66% of all cash receipts in the District's governmental accounts. Instruction costs comprise 37.00% of governmental program cash disbursements. Support services expenses makeup 16.89% of governmental cash disbursements. Excluding the new construction from the total of all expenses Instruction costs comprise 58.63% of governmental program cash disbursements. Support services expenses makeup 26.75% of governmental cash disbursements.

**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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

**Governmental Activities (continued)**

The Statement of Activities shows the cost of program services and the charges for services and sales and grants offsetting those services. In Table 3, the total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program cash receipts. Net costs are costs that must be covered by unrestricted State aid (State Foundation) or local taxes. The difference in these two columns would represent charges for services, restricted grants, fees and donations.

**Table 3  
Governmental Activities**

	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Instruction	\$ 11,327,192	\$ 9,631,416	\$ 10,777,049	\$ 9,028,586
Support Services	5,168,873	4,702,979	4,568,196	4,292,873
Operation of Non-Instructional Services	51,964	14,952	16,268	(17,485)
Operation of Food Services	238,133	(7,908)	247,337	11,528
Extracurricular Activities	587,245	362,398	726,075	295,226
Facilities Acquisition and Construction	11,291,513	11,237,569	9,485,497	9,440,092
Principal	1,005,000	1,005,000	960,000	960,000
Interest and Fiscal Charges	941,788	941,788	979,838	979,838
Total Cash Disbursements	<u>\$ 30,611,708</u>	<u>\$ 27,888,194</u>	<u>\$ 27,760,260</u>	<u>\$ 24,990,658</u>

**The District's Funds**

As noted earlier the District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the District's Governmental Funds is to provide information on cash basis inflow and outflows and resultant year end balances. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balances may serve as a useful measure of the District's cash basis resources available at the end of the fiscal year and the amount available for expenditures in the ensuing fiscal year. As of the end of the current fiscal year, the District's governmental funds reported a combined ending fund (cash basis) balances of \$29,816,510, a decrease of \$7,706,872 in comparison to the previous year. This represents a 20.54% decrease from the prior year which is the result of spending on construction. Of this amount \$14,286,222 constitutes an unassigned fund balance, which is available for spending at the District's discretion for necessary school expenses. The remainder of the fund balance is restricted, committed or assigned to indicate that the amounts are not available for new spending or for spending outside of the inherent guidelines of the fund.

The District has three major funds for fiscal year 2021: The General Fund, Building Fund, and Classroom Facilities Fund. The General Fund is defined in accordance with the Governmental Accounting Standards Board Statement No. 54 to include the basic General Fund, the severance benefit funds and Public School Support funds. Statement No. 54 requires the classification of fund balances into five categories: 1) Non-spendable 2) Restricted 3) Committed 4) Assigned 5) Unassigned. At the end of the current fiscal year the unassigned General Fund balance is \$14,286,222.

**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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

**The District's Funds (continued)**

An unassigned balance represents the fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund. The reader should view the unassigned General Fund balance as the residual cash that is unencumbered and free to be used for the future expenditures of the District.

The unassigned General Fund balance of the District decreased \$1,352,441 during the fiscal year ending June 30, 2021. The increase of our year end cash position is due to strategic management to ensure a sound fiscal operation. Our revenue growth will continue to be minimal for future years. Property development will provide some potential revenue increases. Revenue provided by the state is expected to be flat-lined at best.

**General Fund Budgetary Highlights (Excludes Severance and Principal's Fund Accounts)**

The District's budget is prepared according to Ohio Law and is based on accounting for transactions on a cash basis of receipts and disbursements, while allowing for the accounting of outstanding encumbrances to be paid. The most significant and highest dollar volume budgeted fund is the Base General Fund, which would exclude the severance and public school support accounts. During the course of the year, as allowed by law the District can revise the General Fund budget at various times. The final adjusted budget as with past year's budgets, attempts to include all cost savings initiatives and projected economic factors in the original budget

On the revenue side, actual revenues for the General Fund were \$270,133 above the final revenue budgeted amount. Under state law, a district cannot budget total resources that would exceed the ultimate actual amounts. As such treasurers must be very cautious in budgeting revenues to be in compliance with state law. Districts should have actual revenues exceed budgeted amounts. Districts must use the county auditor's forecast of what is termed "certified" tax revenue. Our actual tax revenue was higher by \$1,309 and the earnings on investments was higher by \$19,261. The increase in earnings on investments was a majority of the positive revenue variance.

Please note in addition to the budget, the Treasurer prepares a monthly forecast and five-year plan that is used as the planning tools of the District. These tools allow for cash flow planning and provide the Board a concise financial outlook of the District.

**Outstanding Debt**

In fiscal year 2014, the District completed a second refunding of outstanding bonds. This follows the District's advance refinancing of select bonds in June of 2003. The original bonds were originally issued in 1995 for the construction of a new high school. This was an extremely positive move to save our taxpayers interest costs. In 2018, the District issued \$9,400,000 of bank qualified bonds and \$16,225,000 of non-bank qualified bonds for construction of a new elementary and an academic/art center on the current campus site. Note 10 of the financial statements illustrate the changes in the District's long-term obligations. Bond Anticipation notes of \$9,500,000 issued in December of 2017 were strategically used to ensure we could issue "Bank Qualified" bonds in 2018. Bank Qualified Bonds have lower interest rate costs.

Description	Amount Outstanding at 6/30/2020	Additions	Deductions	Amount Outstanding at 6/30/2021	Due In One Year
2014 Bonds	\$ 1,220,000	\$ -	\$ (585,000)	\$ 635,000	\$ 635,000
2018 A Bonds	9,250,000	-	(50,000)	9,200,000	50,000
2018 B Bonds	15,405,000	-	(370,000)	15,035,000	390,000
<b>Sub-total</b>	<b>25,875,000</b>	<b>-</b>	<b>(1,005,000)</b>	<b>24,870,000</b>	<b>1,075,000</b>
Capital Appreciation Bonds - 2003					
Issuance Value	24,983	-	-	24,983	-
<b>Sub-total Cap Bonds</b>	<b>24,983</b>	<b>-</b>	<b>-</b>	<b>24,983</b>	<b>-</b>
<b>Grand Total</b>	<b>\$ 25,899,983</b>	<b>\$ -</b>	<b>\$ (1,005,000)</b>	<b>\$ 24,894,983</b>	<b>\$ 1,075,000</b>

**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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

**Economic Factors and Next Year's Budgets**

In preparation of the fiscal year 2022 budget various factors were considered. It is an exciting time for the District as we open our new elementary building. The budget will be impacted as though the building is energy efficient we will have added electric costs due to air conditioning the facility.

The impact of Covid-19 is and variants are a present concern. It is unknown at this time what the added costs will be. We do have grants to offset some of the costs, but the District's allocation is nowhere near what other districts our size are receiving. Our projections is that grants will offset all added costs.

On the cost side increases in salaries are planned for teachers and support union staff in line with the certified and non-certified contract years that began August 1, 2021. The District has outstanding teachers and we need to be competitive to continue to attract top talent. The other major cost driver is medical insurance premiums. We will have a 3.5% increase beginning January 1, 2022.

The District revenue vs. expenses will be breakeven for the 2022 school year.

**Request for information**

The financial report is designed to provide our citizens, taxpayers, 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 any questions about this report or need additional information please contact Ron James, CPA, Treasurer, at Wayne Local Schools, 659 Dayton Road, Waynesville, Ohio 45068.

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**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

STATEMENT OF NET POSITION - CASH BASIS  
JUNE 30, 2021

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 29,816,510
Total assets	29,816,510
<b>Net position:</b>	
Restricted for:	
Capital projects	9,157,178
Classroom facilities maintenance	528,036
Debt service	960,369
State funded programs	29,644
Federally funded programs	36,734
Food service operations	65,066
Student activities	232,036
Other purposes	38,301
Unrestricted	18,769,146
Total net position	\$ 29,816,510

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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

	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Position Governmental Activities
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Instruction:					
Regular	\$ 8,534,897	\$ 816,021	\$ 113,832	\$ -	\$ (7,605,044)
Special	2,792,295	55,981	709,942	-	(2,026,372)
Support services:					
Pupil	1,142,768	-	-	-	(1,142,768)
Instructional staff	274,923	-	-	-	(274,923)
Board of education	58,123	-	-	-	(58,123)
Administration	1,045,646	-	-	-	(1,045,646)
Fiscal	369,941	-	-	-	(369,941)
Business	139,107	-	-	-	(139,107)
Operations and maintenance	1,208,915	-	380,968	-	(827,947)
Pupil transportation	865,524	28,601	23,906	29,496	(783,521)
Central	63,926	679	2,244	-	(61,003)
Operation of non-instructional services:					
Food service operations	238,133	13,290	232,751	-	7,908
Other non-instructional services	51,964	8,597	28,415	-	(14,952)
Extracurricular activities	587,245	192,391	32,456	-	(362,398)
Facilities acquisition and construction	11,291,513	51,944	-	2,000	(11,237,569)
Debt service:					
Principal retirement	1,005,000	-	-	-	(1,005,000)
Interest and fiscal charges	941,788	-	-	-	(941,788)
<b>Total governmental activities</b>	<b>\$ 30,611,708</b>	<b>\$ 1,167,504</b>	<b>\$ 1,524,514</b>	<b>\$ 31,496</b>	<b>\$ (27,888,194)</b>
<b>General receipts:</b>					
Property taxes levied for:					
					10,022,895
					2,023,424
					529,272
					133,539
					5,307,615
					1,813,627
					261,710
					89,240
					<u>20,181,322</u>
					(7,706,872)
					<u>37,523,382</u>
					<u>\$ 29,816,510</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	<u>General</u>	<u>Building</u>	<u>Classroom Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents	\$ 17,380,762	\$ 5,204,385	\$ 3,952,793	\$ 3,278,570	\$ 29,816,510
Total assets	<u>\$ 17,380,762</u>	<u>\$ 5,204,385</u>	<u>\$ 3,952,793</u>	<u>\$ 3,278,570</u>	<u>\$ 29,816,510</u>
<b>Fund balances:</b>					
Restricted:					
Debt service	\$ -	\$ -	\$ -	\$ 960,369	\$ 960,369
Capital improvements	-	5,204,385	3,952,793	-	9,157,178
Classroom facilities maintenance	-	-	-	528,036	528,036
Food service operations	-	-	-	65,066	65,066
State funded programs	-	-	-	29,644	29,644
Federally funded programs	-	-	-	36,734	36,734
Extracurricular	-	-	-	232,036	232,036
Scholarships	-	-	-	12,085	12,085
Other purposes	-	-	-	26,216	26,216
Committed:					
Capital improvements	-	-	-	1,388,384	1,388,384
Termination benefits	284,276	-	-	-	284,276
Assigned:					
Student instruction	306,808	-	-	-	306,808
Student and staff support	750,078	-	-	-	750,078
Extracurricular activities	3,378	-	-	-	3,378
Subsequent year's appropriations	1,750,000	-	-	-	1,750,000
Unassigned	<u>14,286,222</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,286,222</u>
Total fund balances	<u>\$ 17,380,762</u>	<u>\$ 5,204,385</u>	<u>\$ 3,952,793</u>	<u>\$ 3,278,570</u>	<u>\$ 29,816,510</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Building</u>	<u>Classroom Facilities</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Receipts:</b>					
Property taxes	\$ 10,022,895	\$ -	\$ -	\$ 2,686,235	\$ 12,709,130
Intergovernmental	5,418,423	-	1,813,627	1,320,005	8,552,055
Investment earnings	163,717	69,359	28,634	2,000	263,710
Tuition and fees	855,896	-	-	-	855,896
Extracurricular	25,382	-	-	272,936	298,318
Rental income	30	-	-	-	30
Charges for services	-	-	-	13,290	13,290
Contributions and donations	35,300	-	-	10,770	46,070
Miscellaneous	137,805	-	-	28,532	166,337
Total receipts	<u>16,659,448</u>	<u>69,359</u>	<u>1,842,261</u>	<u>4,333,768</u>	<u>22,904,836</u>
<b>Disbursements:</b>					
Current:					
Instruction:					
Regular	8,445,381	-	-	89,516	8,534,897
Special	2,372,588	-	-	419,707	2,792,295
Support services:					
Pupil	1,122,920	-	-	19,848	1,142,768
Instructional staff	274,923	-	-	-	274,923
Board of education	56,123	-	-	2,000	58,123
Administration	1,045,574	-	-	72	1,045,646
Fiscal	355,397	-	-	14,544	369,941
Business	139,107	-	-	-	139,107
Operations and maintenance	881,251	-	-	327,664	1,208,915
Pupil transportation	830,049	-	-	35,475	865,524
Central	63,926	-	-	-	63,926
Operation of non-instructional services:					
Food service operations	-	-	-	238,133	238,133
Other non-instructional services	51,964	-	-	-	51,964
Extracurricular activities	338,836	-	-	248,409	587,245
Facilities acquisition and construction	-	607,893	10,149,188	534,432	11,291,513
Debt service:					
Principal retirement	-	-	-	1,005,000	1,005,000
Interest and fiscal charges	-	-	-	941,788	941,788
Total disbursements	<u>15,978,039</u>	<u>607,893</u>	<u>10,149,188</u>	<u>3,876,588</u>	<u>30,611,708</u>
Net change in fund balances	681,409	(538,534)	(8,306,927)	457,180	(7,706,872)
<b>Fund balances at beginning of year</b>	<u>16,699,353</u>	<u>5,742,919</u>	<u>12,259,720</u>	<u>2,821,390</u>	<u>37,523,382</u>
<b>Fund balances at end of year</b>	<u>\$ 17,380,762</u>	<u>\$ 5,204,385</u>	<u>\$ 3,952,793</u>	<u>\$ 3,278,570</u>	<u>\$ 29,816,510</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS 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>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Property taxes	\$ 8,574,685	\$ 10,021,586	\$ 10,022,895	\$ 1,309
Intergovernmental	5,073,609	5,180,835	5,418,423	237,588
Investment earnings	100,967	130,570	149,831	19,261
Tuition and fees	977,635	851,215	855,901	4,686
Miscellaneous	32,702	81,921	89,210	7,289
Total receipts	<u>14,759,598</u>	<u>16,266,127</u>	<u>16,536,260</u>	<u>270,133</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular	8,748,952	9,181,237	8,611,618	569,619
Special	2,296,706	2,443,278	2,544,688	(101,410)
Support services:				
Pupil	1,009,295	1,009,835	1,126,669	(116,834)
Instructional staff	277,802	277,951	274,923	3,028
Board of education	32,889	40,907	56,123	(15,216)
Administration	952,057	1,052,467	1,054,726	(2,259)
Fiscal	339,071	373,408	355,397	18,011
Business	108,551	147,709	139,107	8,602
Operations and maintenance	1,035,695	1,126,249	1,011,133	115,116
Pupil transportation	763,046	848,260	849,587	(1,327)
Central	61,613	104,949	105,618	(669)
Extracurricular activities	279,408	357,758	342,214	15,544
Total disbursements	<u>15,905,085</u>	<u>16,964,008</u>	<u>16,471,803</u>	<u>492,205</u>
Net change in fund balance	(1,145,487)	(697,881)	64,457	762,338
<b>Fund balance at beginning of year</b>	15,738,663	15,738,663	15,738,663	-
<b>Prior year encumbrances appropriated</b>	233,101	233,101	233,101	-
<b>Fund balance at end of year</b>	<u>\$ 14,826,277</u>	<u>\$ 15,273,883</u>	<u>\$ 16,036,221</u>	<u>\$ 762,338</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The Wayne Local School District (the “District”) is a body politic and corporate established to exercise the rights and privileges the constitution and laws of the State of Ohio convey to it. The District covers land located in Warren County and a portion of Greene County. The buildings and administration are located in the Village of Waynesville. The District serves an area of approximately 50 square miles. The District has a history of strong academic, arts and athletic success, which you will find from ODE reports at <http://www.ode.state.oh.us/>.

A locally-elected 5-member Board governs the District, which provides educational services mandated by the State and federal agencies. This Board of Education controls the District's instructional/support facilities staffed by 56 classified employees, 95 certificated full-time personnel, and 6 administrators who provide services to 1,426 students. The District also serves additional pre-school students that are not included in the total shown. The District is the home of numerous community groups' activities. The District currently operates three buildings situated at one site location.

***Reporting Entity***

A reporting entity is comprised of the primary government, component units and other organizations included ensuring that the basic financial statements are not misleading. The primary government of the District consists of all funds, departments, boards and agencies that are not legally separate from the District. For Wayne Local School District, this includes general operations, food service, trust, community services, and student related activities. The District has no component units.

**Jointly Governed Organizations**

The District participates in four jointly governed and one related organization. These organizations are:

**Dayton Area Superintendent's Association:**

The Dayton Area Superintendent's Association (DASA) is an organization formed by area school Superintendents. The purpose of the organization is to serve as a forum for practicing Superintendents to present problems, seek solutions, reach consensus and take appropriate action to resolve issues. The organization also shares information among its members and provides, on a contractual basis, in-service education for the school management team. Membership in the organization is open to the Greater Dayton area school system Superintendents, directors, and professional staff members of institutions of higher education, and/or Region IX of the Buckeye Association of School Administrators. Region IX presently includes Champaign, Clark, Darke, Greene, Montgomery, Preble, Shelby, and Warren Counties. The Executive Committee is comprised of eight representatives of the DASA member schools or institutions. The members of the Executive Committees are selected annually in each county. The County Superintendent of each county is responsible for the nomination and election of their representative. All member schools are obligated to pay all dues and fines as established by the Executive Committee. To obtain financial information, write to DASA, 451 West Third Street, Dayton, Ohio 45422-1040.

**Warren County Career Center**

The Warren County Career Center (the “Career Center”) is a distinct political subdivision of the State of Ohio operated under the direction of a Board, which consists of one representative from each of the participating Districts' elected board. The Career Center possesses its own budgeting and taxing authority. To obtain financial information, write to The Warren County Career Center, at 3525 State Route 48, Lebanon, Ohio 45036.

**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY - (Continued)**

**Southwestern Ohio Educational Purchasing Council**

The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 180 school districts. The SOEPC acts as its own fiscal agent and is a Regional Council of Governments. The purpose of the Council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC.

Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts by the Fiscal Agent. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One-year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. To obtain information, write to the SOEPC, at 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**Southwestern Ohio Computer Association (SWOCA)**

SWOCA is a jointly governed organization between three-county consortiums of school districts. The jointly governed organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to administrative and instructional functions among member districts. Each of the governments of these schools supports SWOCA based upon a per pupil charge dependent upon the software package utilized. The Governing Board of SWOCA consists of six members elected by majority vote of all charter member schools plus one representative from the fiscal agent. The District has an equity interest that is explicit and measurable in that the jointly governed Agreement stipulates that the participants have a future claim to the net resources of SWOCA upon dissolution. The agreement sets forth the method to determine each member's proportionate share.

**RELATED ORGANIZATION**

The Mary L. Cook Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. A Board of Trustees appointed by the Wayne Local School District Board of Education governs the Library. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and has issued tax-related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax (as well as its rate and purpose) and discretionary decisions are made solely by the Board of Trustees of the Library. Financial information can be obtained from the Mary L. Cook Public Library, 381 Old Stage Road, Waynesville, Ohio 45068.

**PUBLIC ENTITY RISK POOL**

For the fiscal year the District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP). The GRP is intended to reduce premiums for the participants. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The school districts apply for participation each year. The firms of 3HAB and Hunter Consulting provide administrative, cost controls, and actuarial services to the GRP.

**MEDICAL AND DENTAL BENEFITS**

For the fiscal year, the District participated in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP), and insurance purchasing pool. The intent of the MBP is to achieve the benefit of reduced health insurance premiums for the District by virtue of its grouping and representation with other participants in the MBP. The health insurance experience of the participating school district is calculated and a premium rate is applied to the applicable school district in the MBP. Each participant pays its medical and dental insurance premiums to the Southwestern Ohio Educational Purchasing Council (SOEPC). Participation is limited to school districts that can meet the MBP's selection criteria.



**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Although Ohio Administrative Code Section 117-2-03 (B) requires the District's financial report to follow accounting principles generally accepted in the United States of America (GAAP), the District chooses to prepare its financial statements and notes in accordance with the cash-basis of accounting. The cash basis method is consistent with record keeping and current state software systems. The District has applied the use of "Other Comprehensive Basis of Accounting" (OCBOA) financial reporting and has used the American Institute of Certified Public Accountants (AICPA) practice aid series, "Applying OCBOA in State and Local Governmental Financial Statements" to assist in the format and content of the District's presentation. As noted while OCBOA does not represent GAAP it could currently be considered as generally applied principles for many small state and local governmental entities. This basis of accounting is similar to the cash receipts and disbursements basis. The District recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when a liability is incurred. But please note, we do account for and report obligations for encumbrances. An encumbrance is an approved purchase order for a service or product and represents an accrued liability. In addition, the district sets aside cash for the calculated obligation of severance payments.

**A. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The District classifies each fund as Governmental. The Board approves all budgets and appropriations at the fund level.

**Governmental:** The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The District's major governmental funds are the General Fund, Building Fund and Classroom Facilities Fund. The General Fund accounts for all financial resources except for restricted resources requiring a separate accounting. The General Fund balance is available for any purpose provided it is expended or transferred according to Ohio law. The Building and Classroom Facilities Funds are related to new construction occurring 2018-2022.

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, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed or assigned to expenditure for principal and interest.

**Fund Balance**

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

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

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

**Committed** – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.

**Assigned** – resources that are intended to be used for specific purposes as approved through the District's formal purchasing procedure by the Treasurer.

**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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

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

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

The District applies restricted resources first when a disbursement is incurred for purposes which both restricted and unrestricted cash balance is available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when disbursements are incurred for purposes for which any of the fund balance classifications are applicable and appropriate.

***Fund Balance Assets***

The District's total Governmental Fund balance at the end of the 2021 fiscal year was \$29,816,510 with an unassigned balance of \$14,286,222. The classifications are detailed on the Statement of Assets and Fund Balances – Cash Basis.

**B. Basis of Presentation**

The District's basic financial statements consist of a statement of net position and the government-wide Statement of Activities, and fund financial statements providing more detailed financial information.

**Government-Wide Financial Statements:** The statements of net position and the statement of activities display information about the District as a whole. The statements report governmental activities. These disbursements are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the District's general receipts.

The statement of net position presents the financial condition of the governmental activities of the District at fiscal year-end.

**Fund Financial Statements:** Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds. The following are the District's major 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.

**Building Fund** - The building fund is used to account for and report monies received that are restricted for expenditures for building and equipping of capital facilities.

**Classroom Facilities Fund** - The classroom facilities fund is used to account for intergovernmental revenues from the State that are restricted for building renovation under the Ohio Facilities Construction Commission's (OFCC) program.

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, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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

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

**C. Cash and Cash Equivalents**

The District pools cash from all funds for investment purposes. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements. The District values cash equivalents at cost. Following Ohio statutes, the Board of Education specified the funds to receive an allocation of interest earnings. Earnings on investments credited to the General Fund during fiscal year 2021 were \$163,717 with a total of \$263,710 for all funds. For presentation on the financial statements, investments with an original maturity of three months or less when purchased are deemed cash equivalents. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively. Investments are reported at cost.

During fiscal year 2021, investments were limited to, Federal Farm Credit Bank (FFCB) securities, Ohio University taxable bonds, negotiable certificates of deposit, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal Home Loan Bank (FHLB) securities, Federal National Mortgage Association (FNMA) securities, U.S. Government money market and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio).

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

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

**D. Inventory and Prepaid Items**

On the cash-basis of accounting, inventories of supplies and food service items are reported as disbursements when purchased.

**E. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

**F. Compensated Absences**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused sick leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting. However, the district funded the required amounts in fund code 035 and the amount is included in the committed fund balance of the extended General Fund. The term "extended General fund" is the combination of the base general fund, the aforementioned severance fund and Public School Support fund.

**G. Long-Term Obligations**

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash-basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal and interest payments. See note 10 for debt obligation data. Please note that all required annual debt obligations for the year were met in a timely fashion.

**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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

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

**H. Inter-Fund Activity**

Transfers between funds on the government-wide statements are eliminated. Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchasing funds. Non-exchange flows of cash from one fund to another are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds. The District did not have any such transfers in fiscal year 2021.

**I. Budgetary Data**

Ohio law requires all funds, other than custodial funds, to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which use the cash basis of accounting which is in line with our OCBOA reporting. 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 Board of Education uses the fund level as its legal level of control.

The certificate of estimated resources may be amended during the year if the Treasurer projects increases or decreases in receipts. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate presented to the county Auditor at the date of the fiscal years' original appropriation adoption in September. The amounts reported as the final budget in the budgetary statements reflect the amounts in the amended certificate in effect at the time the final appropriations were approved.

The Board may amend appropriations throughout the year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budget reflect the first appropriation for that fund covering the entire fiscal year, including amounts automatically carried over from the prior year. The amounts reported as the final budget represent the final appropriation the Board passed during the year.

**J. Net Position**

Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources for federal and State grants restricted to cash disbursement for specified purposes. The District's applies restricted resources first when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

**K. 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 in fiscal year 2021.

**L. Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability and net OPEB asset, 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.

**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

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

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

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

**B. Compliance**

Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its basic financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying basic financial statements omit assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

**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 District 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 District has identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio and with certain limitations including a requirement for maturity within ten years from the date of the settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**WAYNE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

**A. Deposits with Financial Institutions**

At June 30, 2021, the carrying amount of all District deposits was \$2,377,633 and the bank balance of all District deposits was \$2,323,793. Of the bank balance, \$500,000 was covered by the FDIC and \$1,823,793 was either covered by the Ohio Pooled Collateral System or was exposed to custodial credit risk because this amount was uninsured and uncollateralized.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State. For fiscal year 2021, some of the District's financial institution was approved for a reduced collateral rate of 50 percent through OPCS. Although all statutory requirements for the deposit of money has been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**B. Investments**

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

<u>Investment Type:</u>	<u>Cost</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
STAR Ohio	\$ 14,575	\$ 14,575	\$ -	\$ -	\$ -	\$ -
U.S. Government money market	4,023,360	4,023,360	-	-	-	-
FFCB	6,750,000	-	-	-	-	6,750,000
Negotiable CDs	8,722,000	2,000,000	3,495,000	250,000	1,977,000	1,000,000
Ohio University taxable bonds	996,050	-	-	-	-	996,050
FHLMC	4,000,000	-	-	-	-	4,000,000
FHLB	2,000,000	-	-	-	-	2,000,000
FNMA	932,892	-	-	-	-	932,892
<b>Total</b>	<b>\$ 27,438,877</b>	<b>\$ 6,037,935</b>	<b>\$ 3,495,000</b>	<b>\$ 250,000</b>	<b>\$ 1,977,000</b>	<b>\$ 15,678,942</b>

The weighted average of maturity of investments is 2.50 years.

*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.

**WAYNE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

*Credit Risk:* The District's investments in Ohio University taxable bonds were rated A+ and Aa3 by Standard & Poor's and Moody's Investor Services, respectively. The District's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the U.S. Government money market an AAAM money market rating. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investments in negotiable CD's are not rated. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

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

*Concentration of Credit Risk:* The District places no limit on the amount 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>Cost</u>	<u>% of Total</u>
STAR Ohio	\$ 14,575	0.05
U.S. Government money market	4,023,360	14.66
FFCB	6,750,000	24.60
Negotiable CD's	8,722,000	31.79
Ohio University taxable bonds	996,050	3.63
FHLMC	4,000,000	14.58
FHLB	2,000,000	7.29
FNMA	932,892	3.40
Total	<u>\$ 27,438,877</u>	<u>100.00</u>

**C. 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	\$ 2,377,633
Investments	<u>27,438,877</u>
Total	<u>\$ 29,816,510</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 29,816,510
Total	<u>\$ 29,816,510</u>



**WAYNE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 5 - 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, public utility property (used in business) located in the District. Real property tax revenue received in calendar year 2021 represent collections of the previous calendar year taxes. Real property taxes received in calendar year 2021 were levied after January 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. Public utility property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Public utility real property taxes received in calendar year 2021 became a lien December 31, 2019, was levied after April 1, 2020 and is collected in 2021 with real property taxes. Public utility real property is assessed at 35 percent of true value.

The District receives property taxes from Warren and Greene Counties. The Warren County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent. No advances were received by the District for the second half collections prior to June 30, 2021.

	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	\$ 262,583,150	86.32	\$ 274,321,940	87.36
Public utility personal	<u>41,615,820</u>	<u>13.68</u>	<u>39,692,390</u>	<u>12.64</u>
Total	<u>\$ 304,198,970</u>	<u>100.00</u>	<u>\$ 314,014,330</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation:	\$55.48		\$55.48	

**NOTE 6 - RISK MANAGEMENT**

**A. Risk Pool Membership**

The District is a member of the Southwestern Ohio Educational Purchasing Council (EPC) group insurance purchasing program. The Program currently includes 52 Ohio Public School Districts. The secured self-insurance under Gallagher Risk Management Services allows the EPC council to retain a portion of predictable losses, transfer a portion of catastrophic risk, and broaden our insurance program coverage. The Pool assumes the risk of loss up to the limits of the carrier. The loss fund represents the residual cash after considering outstanding reserves. With this program there is an aggregate (Stop Loss) insurance policy. Should the loss fund be exhausted by the EPC council, the aggregate excess coverage applies to fund the retention on behalf of the EPC council. No supplemental assessments can occur under this program. In turn the District has no claim to any loss fund or other program assets. The Pool covers the following risks:

- General liability; Property, Auto Liability
- Boiler and Machinery
- Educators Liability Errors and omissions
- Cyber Security

The District has not incurred any significant reductions in coverage from the previous fiscal year. Settled claims have not exceeded coverage in any of the past three fiscal years.

**WAYNE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 6 - RISK MANAGEMENT - (Continued)**

**B. Workers' Compensation**

For fiscal year 2021 the District participated in the Southwestern Ohio Educational Purchasing Council (EPC) Association Workers' Compensation Group Rating Program (GRP), in conjunction with the services of Hunter Consulting. 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. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to the pool that your district is eligible for of the school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the assigned GRP rather than its individual rate. The 2021 estimated savings to the District was \$9,274. This "equity pooling" arrangement insures that each participant shares in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firms of Hunter Consulting Company and 3-HAB Inc. provide administrative, cost control and actuarial services to the GRP.

**C. Employee Medical Benefits**

The District obtains employee medical (Anthem), dental and life insurance benefits through the assistance of the Southwestern Ohio Educational Purchasing Council (EPC). The District pays a monthly premium for coverage. The EPC works with Anthem to establish rates and payment to providers. Future premium rates are impacted by both the coverage of the given insurance, employee utilization and the actual cost and inflation of services and pharmaceuticals.

**NOTE 7 - DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Net OPEB Liability/Asset***

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

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

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

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

**WAYNE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the required pension disclosures. See Note 8 for the required OPEB disclosures.

***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](http://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%.

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 \$262,129 for fiscal year 2021.

**WAYNE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

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

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

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

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

The District's contractually required contribution to STRS was \$1,068,589 for fiscal year 2021.

**WAYNE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Net Pension Liability*

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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.05606570%	0.05639779%	
Proportion of the net pension liability current measurement date	<u>0.05550610%</u>	<u>0.05788331%</u>	
Change in proportionate share	<u>-0.00055960%</u>	<u>0.00148552%</u>	
Proportionate share of the net pension liability	\$ 3,671,290	\$ 14,005,701	\$ 17,676,991

*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)

**WAYNE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

<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.

	Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 5,029,220	\$ 3,671,290	\$ 2,531,962

**WAYNE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Actuarial Assumptions - STRS*

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

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

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

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

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

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

\*\*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.

**WAYNE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**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:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 19,941,681	\$ 14,005,701	\$ 8,975,454

**NOTE 8 - DEFINED BENEFIT OPEB PLANS**

**Net OPEB Liability/Asset**

See Note 7 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](http://www.ohsers.org) under Employers/Audit Resources.

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



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**NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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 \$30,869.

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 \$30,869 for fiscal year 2021.

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

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. 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.

***Net OPEB Liability/Asset***

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:

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.05689360%	0.05639779%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.05691200%</u>	<u>0.05788331%</u>	
Change in proportionate share	<u>0.00001840%</u>	<u>0.00148552%</u>	
Proportionate share of the net OPEB liability	\$ 1,236,884	\$ -	\$ 1,236,884
Proportionate share of the net OPEB asset	\$ -	\$ (1,017,299)	\$ (1,017,299)

**WAYNE LOCAL SCHOOL DISTRICT  
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**NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*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.

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.

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**NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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.

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:

<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 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%).

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**NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 1,513,915	\$ 1,236,884	\$ 1,016,645

  

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 973,952	\$ 1,236,884	\$ 1,588,491

***Actuarial Assumptions - STRS***

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

	July 1, 2020		July 1, 2019	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 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	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.00%	4.00%	5.87%	4.00%
Medicare	-6.69%	4.00%	4.93%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	7.73%	4.00%
Medicare	11.87%	4.00%	9.62%	4.00%

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

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

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

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

**WAYNE LOCAL SCHOOL DISTRICT  
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**NOTE 8 - DEFINED BENEFIT OPEB PLANS - (Continued)**

**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.

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

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

\*\*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.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	District's proportionate share of the net OPEB asset	\$ 885,116	\$ 1,017,299

  

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
	District's proportionate share of the net OPEB asset	\$ 1,122,489	\$ 1,017,299

**WAYNE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - CONTINGENCIES**

- A. Grants** The District receives financial assistance from federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.
- B. Litigation** The Wayne Local School District is not a party to any legal proceedings at year end.
- C. Foundation** District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2021 foundation funding for the District; therefore, the financial statement impact is not determinable at this time. The District does not anticipate any material adjustments.

**NOTE 10 - LONG-TERM OBLIGATIONS**

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

**Governmental Activities**

	Balance			Balance	Amounts
	<u>June 30, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2021</u>	<u>Due in</u> <u>One Year</u>
2014 Bonds	\$ 1,220,000	\$ -	\$ (585,000)	\$ 635,000	\$ 635,000
2018 A Bonds	9,250,000	-	(50,000)	9,200,000	50,000
2018 B Bonds	<u>15,405,000</u>	<u>-</u>	<u>(370,000)</u>	<u>15,035,000</u>	<u>390,000</u>
Sub-total	<u>25,875,000</u>	<u>-</u>	<u>(1,005,000)</u>	<u>24,870,000</u>	<u>1,075,000</u>
Capital Appreciation Bonds - 2003					
Issuance Value	<u>24,983</u>	<u>-</u>	<u>-</u>	<u>24,983</u>	<u>-</u>
Sub-total Cap Bonds	<u>24,983</u>	<u>-</u>	<u>-</u>	<u>24,983</u>	<u>-</u>
Grand Total	<u>\$ 25,899,983</u>	<u>\$ -</u>	<u>\$ (1,005,000)</u>	<u>\$ 24,894,983</u>	<u>\$ 1,075,000</u>

**WAYNE LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - LONG-TERM OBLIGATIONS – (Continued)**

All current obligation bonds outstanding were issued to provide funds for the acquisition and construction of equipment and facilities and are general obligations of the District for which the full faith and credit of the district is pledged for repayment. Accordingly, payments of principal and interest relating to the liabilities are recorded as disbursements in the debt service fund (a nonmajor governmental fund). The source of payment is derived from bonded debt tax levies. The original millage passed for collection of the 1996 (final refinance date of 2014) was 5.95 mills. However due to property growth and the refinancing of select bonds the current effective tax millage is 2.0 mills. On June 24, 2003, the District issued general obligation bonds to provide funds for an advance refunding of a portion of the original issue 1996 general obligation bonds. The proceeds were used to advance refund a total of \$4,255,000 of the 1996 general obligation bonds. The securities and proceeds were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The total amount of such future debt services were completely paid as of June 30, 2007. The refunded bonds are not included in the District's outstanding debt since the District has satisfied its obligations through the advance refunding. In 2014, the District refinanced the "then" remaining portion of the 2003 Bond amounts on November 6th 2013. This refinancing yielded a \$195,460 savings or 24.9% savings of the interest we would have paid over the life of these bonds. The interest rates on the 2014 refunding bonds range from 2.125% to 4%. The 2003 bond issue was comprised of both general obligation current interest bonds with an outstanding face value of \$3,300,000 which have now been refinanced, and capital appreciation bonds with a face value of \$24,983 with a premium of \$830,656. These CAB's will accrete to a value of \$2,190,000 at the time of repayment over the fiscal years of 2023-2025. The total payment of \$2,190,000 will be \$710,000 in 2023; \$730,000 in 2024; and \$750,000 in 2025. These amounts are illustrated in the payment schedule below as a total of \$2,190,000 under the Capital Appreciation Bonds section.

The interest rates on the 2003 refinanced current interest bonds range from 1.500% to 3.850%. All of these bonds will be retired by December 2024. The capital appreciation bonds (CAB) were issued as part of an advance refunding, and the CAB'S were issued at a deep discount. The effective accretion rate including the effect of the amortization of the premium is 16.12%.

In 2018, the District passed a 30 year levy and issued \$9,400,000 of bank qualified bonds and \$16,225,000 of non-bank qualified bonds for construction of a new elementary and an academic/art center on the current campus site. The current effective millage is 4.86 mills. To allow for the maximum bank qualified bonds the District could issue, the district strategically issued Bond Anticipation notes of \$9,500,000 in December of 2017 and they were paid off in March of 2018. The interest rates range from 2.0% to 5.0%.

Interest payments on the bonds are due on June 1 and December 1, of each year. Principal payments are due on December 1, of each year. The final maturity of the outstanding bonds is December 1, 2047.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - LONG-TERM OBLIGATIONS – (Continued)**

The following is a summary of future annual requirements to maturity for General Obligation bonds:

Fiscal Year Ending June 30,	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 1,075,000	\$ 901,752	\$ 1,976,752	\$ -	\$ -	\$ -
2023	485,000	871,668	1,356,668	9,968	700,032	710,000
2024	480,000	848,793	1,328,793	8,227	721,773	730,000
2025	505,000	826,368	1,331,368	6,788	743,212	750,000
2026	565,000	802,843	1,367,843	-	-	-
2027-2031	3,295,000	3,629,399	6,924,399	-	-	-
2032-2036	4,060,000	3,017,408	7,077,408	-	-	-
2037-2041	5,145,000	2,194,846	7,339,846	-	-	-
2042-2046	6,305,000	1,157,518	7,462,518	-	-	-
2047-2048	2,955,000	111,844	3,066,844	-	-	-
Total	<u>\$ 24,870,000</u>	<u>\$ 14,362,439</u>	<u>\$ 39,232,439</u>	<u>\$ 24,983</u>	<u>\$ 2,165,017</u>	<u>\$ 2,190,000</u>

**Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligations of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that un-voted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District; however there is an exception to the rule under ORC 133.06(I) for districts engaged in a Classroom Facilities Assistance Project (CFAP). The district is engaged in a CFAP and the district did not need to use the exception. The effect of these debt limitations at June 30, 2021 is a debt margin of \$4,326,676 including available funds of \$960,369 of the fiscal year-end balance of the Debt Service Fund (a nonmajor governmental fund).

**NOTE 11 - SET-ASIDE CALCULATIONS**

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

	Capital <u>Improvement</u>
Set-aside balance June 30, 2020	\$ -
Current year set-aside requirement	268,563
Current year offsets	<u>(741,679)</u>
Total	<u>\$ (473,116)</u>
Cash Balance Carried Forward to fiscal year 2022	<u>\$ -</u>
Set-aside balance June 30, 2021	<u>\$ -</u>

The District had offsets for capital acquisition during the year that reduced the set-aside amount below zero. This extra amount by law may not be used to reduce the set-aside requirement of future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.



**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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

**NOTE 12 - BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance-Budget and Actual (Non-GAAP Budgetary Basis) presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and cash basis are: (1) Outstanding year-end encumbrances are treated as cash disbursements (budgetary basis) rather than restricted, committed, or assigned fund balance (cash basis); and (2) Some funds are reported as part of the General Fund (cash basis) as opposed to the General Fund being reported alone (budgetary basis). The following table summarizes the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement for the General Fund:

Fund Cash Balance	
Cash Basis	\$ 681,409
Funds Budgeted Elsewhere	(123,299)
Adjustments for Encumbrances	<u>(493,653)</u>
Budgetary Basis	<u>\$ 64,457</u>

**NOTE 13 - OTHER COMMITMENTS**

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General Fund	\$ 507,760
Building Fund	82,058
Classroom Facilities Fund	2,630,090
Other governmental	<u>434,932</u>
Total	<u>\$ 3,654,840</u>

**NOTE 14 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District's investment portfolio and the investments of the pension and other employee benefit plans in which the District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

## **SUPPLEMENTARY INFORMATION**

**WAYNE LOCAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	ASSISTANCE LISTING NUMBER	(E) PASS-THROUGH ENTITY IDENTIFYING NUMBER ADDITIONAL AWARD IDENTIFICATION	TOTAL EXPENDITURES OF FEDERAL AWARDS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>			
<b>Child Nutrition Cluster:</b>			
(C) School Breakfast Program	10.553	2021	\$ 18,148
(C) COVID-19 - School Breakfast Program	10.553	COVID-19, 2021	8,286
<b>Total School Breakfast Program</b>			<b>26,434</b>
(C) National School Lunch Program	10.555	2021	181,397
(C) COVID-19 - National School Lunch Program	10.555	COVID-19, 2021	20,265
(D) National School Lunch Program - Food Donation	10.555	2021	13,783
<b>Total National School Lunch Program</b>			<b>215,445</b>
<b>Total U.S. Department of Agriculture and Child Nutrition Cluster</b>			<b>241,879</b>
<b>U.S. DEPARTMENT OF THE TREASURY PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>			
COVID-19 - Coronavirus Relief Fund	21.019	COVID-19, 2021	64,405
<b>Total U.S. Department of the Treasury and Coronavirus Relief Fund</b>			<b>64,405</b>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>			
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2021	95,114
Title I Grants to Local Educational Agencies - Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	84.010A, 2021	1,935
<b>Total Title I Grants to Local Educational Agencies</b>			<b>97,049</b>
<b>Special Education Cluster (IDEA):</b>			
Special Education_Grants to States	84.027A	84.027A, 2021	289,128
Special Education_Preschool Grants	84.173A	84.173A, 2021	6,065
<b>Total Special Education Cluster (IDEA)</b>			<b>295,193</b>
Supporting Effective Instruction State Grants	84.367A	84.367A, 2021	27,465
Student Support and Academic Enrichment Program	84.424A	84.424A, 2021	10,035
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER I) Fund	84.425D	COVID-19, 84.425D, 2021	65,928
<b>Total U.S. Department of Education</b>			<b>495,670</b>
<b>Total Federal Financial Assistance</b>			<b>\$ 801,954</b>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

- (A) This schedule includes the federal award activity of the Wayne Local School District under programs of the federal government for the fiscal year ended June 30, 2021 and is prepared in accordance with the cash basis of accounting. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Wayne Local School District, it is not intended to and does not present the financial position or changes in net position of the Wayne Local School District.
- (B) CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The District has not elected to use the 10% de minimis indirect cost rate.
- (C) Commingled with state and local revenue from sales of breakfast and lunches; assumed expenditures were made on a first-in, first-out basis.
- (D) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are reported at the entitlement value.
- (E) OAKS did not assign pass-through numbers for fiscal year 2021.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Wayne Local School District  
Warren County  
5037 E Old State Rt 73 Road  
Waynesville, Ohio 45068

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wayne Local School District, Warren County, Ohio, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Wayne Local School District's basic financial statements, and have issued our report thereon dated October 29, 2021, wherein we noted the Wayne Local School District uses a special purpose framework other than accounting principles generally accepted in the United States of America. Furthermore, as described in Note 14 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Wayne Local School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Wayne Local School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Wayne Local School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Wayne Local School District's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Wayne Local School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2021-001.

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

Wayne Local School District's response to the finding identified in our audit is described in the accompanying corrective action plan. Wayne Local School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Wayne Local School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Wayne Local School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
October 29, 2021

**Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance**

Wayne Local School District  
Warren County  
5037 E Old State Rt 73 Road  
Waynesville, Ohio 45068

To the Board of Education:

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

We have audited the Wayne Local School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Wayne Local School District's major federal programs for the fiscal year ended June 30, 2021. The Wayne Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

***Management's Responsibility***

Management is responsible for compliance 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 express an opinion on compliance for each of the Wayne Local School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Wayne Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the Wayne Local School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2021.

***Report on Internal Control over Compliance***

Management of the Wayne Local School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Wayne Local School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Wayne Local 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.  
October 29, 2021

**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	COVID 19 – Coronavirus Relief Fund (ALN 21.019); Special Education Cluster (IDEA)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No



**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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

<b>2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2021-001

Noncompliance - Annual Financial Report

Ohio Revised Code Section 117.38 provides each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Revised Code Section 117.38. Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP).

The District prepares its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This presentation differs from GAAP. There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time.

Failure to prepare proper GAAP financial statements may result in the District being fined or other administrative remedies.

The District should prepare its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None

**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY, OHIO**

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

<b>Finding Number</b>	<b>Year Initially Occurred</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2020-001	2004	Noncompliance - Ohio Admin. Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). However, the District prepares its financial statements on a cash basis, which is a comprehensive basis of accounting other than GAAP.	Not Corrected	Finding repeated as 2021-001 as the District did not prepare its annual financial report in accordance with GAAP.

# Wayne Local Schools

Office of Treasurer/CFO Ronald L. James CPA, CFP

**WAYNE LOCAL SCHOOL DISTRICT  
WARREN COUNTY OHIO**

**CORRECTIVE ACTION PLAN**

*2 CFR § 200.511(c)*

**JUNE 30, 2021**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipation Completion Date</b>	<b>Responsible Contact Person</b>
2021-001	<p>Cash based reporting with consideration of encumbrances, reserves, and adequate footnotes effectively and efficiently meet the needs of our Board and Citizens. The use of GAAP does not ensure integrity nor does GAAP application make accounting "better" to the user.</p> <p>All of the District's legal appropriations and forecasts as required by the state are on a cash basis presentation and not on a GAAP basis. The rising complexity and cost associated with GAAP rules, interpretations, presentation and subsequent audits are driving a movement to the use of Special Purpose Framework presentation.</p> <p>The Wayne Local School's Board of Education has determined that the use of OCBOA or Special-Purpose Framework presentation is cost effective and provides users a clear picture of the District's results, and is consistent with the legal requirements of other state submissions such as the five-year forecast and annual required tax budget.</p>	Unknown	Ron James, Treasurer

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# OHIO AUDITOR OF STATE KEITH FABER



**WAYNE LOCAL SCHOOL DISTRICT**

**WARREN 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 2/10/2022**

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](http://www.ohioauditor.gov)