



OHIO AUDITOR OF STATE  
**KEITH FABER**





**CLOVERLEAF LOCAL SCHOOL DISTRICT  
MEDINA COUNTY**

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MEDINA COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Cloverleaf Local School District  
Medina County  
8525 Friendsville Road  
Lodi, Ohio 44254

To the Board of Education:

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cloverleaf Local School District, Medina County, Ohio (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Cloverleaf Local School District, Medina County, Ohio as of June 30, 2022, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

As discussed in Note 24 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Federal Awards Receipts and Expenditures Schedule as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information 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. The 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 Federal Awards and Expenditures Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 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 District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 17, 2023

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**Cloverleaf Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2022*  
*Unaudited*

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The discussion and analysis of Cloverleaf Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for fiscal year 2022 are as follows:

- The ending net position was \$35,838,499, an increase of \$14,221,169 over the prior fiscal year. The School District's increase in net position primarily stemmed from increases in assessed property tax values due to the recent reappraisal completed by Medina County, which contributed to increases in property taxes revenue, as well as the property taxes receivable. Capital assets also saw an increase due to the progression of various construction projects, which was offset by a decrease in cash due to the unspent proceeds from the COPs issuances.
- The School District had \$34,987,837 in expenses related to governmental activities. \$6,953,478 of these expenses were offset by program specific charges for services, operating grants and contributions, and capital grants and contributions, while the remaining amount was covered by general revenues totaling \$42,255,528.

### **Using this Annual Financial Report**

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

The statement of net position and the statement of activities provide information about the activities of the whole School District, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of Cloverleaf Local School District, the general fund, the permanent improvement fund, the building fund, the capital projects, and the capital grants fund are the most significant funds.

### **Notes to the Basic Financial Statements**

The notes provide additional information that is essential to the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 25-68 of this report.

**Cloverleaf Local School District**  
*Management's Discussion and Analysis*  
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*Unaudited*

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## **Reporting the School District as a Whole**

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

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during fiscal year 2022?" The statement of net position and the statement of activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources except fiduciary funds using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in that net position. This change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and the willingness of the community to support the School District.

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

### *Fund Financial Statements*

The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, the permanent improvement fund, the building fund, the capital projects fund, and the capital grants fund.

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

**Fiduciary Funds** Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting.

**Cloverleaf Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2022*  
*Unaudited*

**The School District as a Whole**

You may recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal years 2022 and 2021.

Table 1  
Net Position  
Governmental Activities

	2022	Restated 2021	Change
<b>Assets</b>			
Current and Other Assets	\$111,201,732	\$111,230,502	(\$28,770)
Net OPEB Asset	2,347,492	1,892,590	454,902
Capital Assets, Net	44,758,825	35,166,578	9,592,247
Total Assets	<u>158,308,049</u>	<u>148,289,670</u>	<u>10,018,379</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charges on Refunding	2,289,300	2,494,183	(204,883)
Pension	8,130,227	6,257,270	1,872,957
OPEB	946,706	1,080,059	(133,353)
Total Deferred Outflows of Resources	<u>11,366,233</u>	<u>9,831,512</u>	<u>1,534,721</u>
<b>Liabilities</b>			
Current and Other Liabilities	6,898,480	5,879,309	(1,019,171)
Long-Term Liabilities:			
Due Within One Year	3,783,227	3,810,604	27,377
Due in More than One Year:			
Net Pension Liability	19,068,800	34,525,408	15,456,608
Net OPEB Liability	2,559,475	2,895,443	335,968
Other Amounts	63,380,514	66,620,667	3,240,153
Total Liabilities	<u>95,690,496</u>	<u>113,731,431</u>	<u>18,040,935</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	18,740,767	18,324,556	(416,211)
Payments in Lieu of Taxes	0	43,179	43,179
Pension	15,063,362	458,658	(14,604,704)
OPEB	4,341,158	3,946,028	(395,130)
Total Deferred Inflows of Resources	<u>38,145,287</u>	<u>22,772,421</u>	<u>(15,372,866)</u>
<b>Net Position</b>			
Net Investment in Capital Assets	16,088,660	8,989,093	7,099,567
Restricted	10,954,451	12,222,780	(1,268,329)
Unrestricted (Deficit)	8,795,388	405,457	8,389,931
Total Net Position	<u>\$35,838,499</u>	<u>\$21,617,330</u>	<u>\$14,221,169</u>

**Cloverleaf Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2022*  
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The net pension liability (NPL) is one of the largest single liabilities reported by the School District at June 30, 2022. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Total governmental assets increased during fiscal year 2022. There was an increase in capital assets mainly attributed to additions through construction of the new high school, athletic complex, and elementary addition projects. The increase in capital assets was offset by a decrease in cash related to unspent proceeds being spent down during the fiscal year. Property taxes receivable increased as well, which was due to an increase in assessed valuations based on the Medina County Auditor's reappraisal.

Liabilities decreased as a result of debt obligations being paid down during the fiscal year, as well as due to changes in assumptions and benefit terms of pension and OPEB plans.

Deferred outflows of resources and deferred inflows of resources both increased due to changes in assumptions and benefit terms of pension and OPEB plans.

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*Management's Discussion and Analysis*  
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In order to further understand what makes up the change in net position for the fiscal year 2022, Table 2 gives further details regarding the results of activities for the current and prior fiscal years.

Table 2  
Change in Net Position  
Governmental Activities

	2022	Restated 2021	Change
<b>Revenues</b>			
Program Revenues:			
Charges for Services	\$1,706,337	\$2,000,747	(\$294,410)
Operating Grants and Contributions	5,244,641	3,522,936	1,721,705
Capital Grants and Contributions	2,500	5,000	(2,500)
Total Program Revenues	<u>6,953,478</u>	<u>5,528,683</u>	<u>1,424,795</u>
General Revenues:			
Property Taxes	25,195,631	24,037,421	1,158,210
Income Taxes	7,156,926	6,353,968	802,958
Payments in Lieu of Taxes	5,850	28,786	(22,936)
Grants and Entitlements, not Restricted	10,183,913	10,451,349	(267,436)
Shared Sales Taxes	972,310	1,982,385	(1,010,075)
Investment Earnings	(1,355,135)	51,602	(1,406,737)
Miscellaneous	96,033	523,825	(427,792)
Total General Revenues	<u>42,255,528</u>	<u>43,429,336</u>	<u>(1,173,808)</u>
Total Revenues	<u>49,209,006</u>	<u>48,958,019</u>	<u>250,987</u>
<b>Program Expenses</b>			
Instruction:			
Regular	15,209,524	17,099,822	1,890,298
Special	4,273,840	4,845,553	571,713
Vocational	95,908	100,725	4,817
Student Intervention Services	227,123	1,383,620	1,156,497
Support Services:			
Pupils	2,172,736	2,237,160	64,424
Instructional Staff	1,249,213	972,376	(276,837)
Board of Education	126,374	209,622	83,248
Administration	1,379,649	1,577,167	197,518
Fiscal	767,351	774,987	7,636
Business	116,399	286,761	170,362
Operation and Maintenance of Plant	2,849,605	3,092,657	243,052
Pupil Transportation	2,268,075	1,725,141	(542,934)
Central	128,634	108,279	(20,355)
Food Service Operations	1,041,633	1,008,762	(32,871)
Community Services	481,072	454,645	(26,427)
Extracurricular Activities	1,009,498	1,057,736	48,238
Interest and Fiscal Charges	1,591,203	1,248,533	(342,670)
Total Program Expenses	<u>34,987,837</u>	<u>38,183,546</u>	<u>3,195,709</u>
Change in Net Position	14,221,169	10,774,473	3,446,696
Net Position Beginning of Year	<u>21,617,330</u>	<u>10,842,857</u>	<u>10,774,473</u>
Net Position End of Year	<u>\$35,838,499</u>	<u>\$21,617,330</u>	<u>\$14,221,169</u>

**Cloverleaf Local School District**  
*Management's Discussion and Analysis*  
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*Unaudited*

The School District carefully tracks its revenues and expenses in order to avoid creating a deficit. Although the School District relies heavily upon local property taxes to support its operations, the School District relies upon and actively solicits and receives additional grant and entitlement funding to help offset some educational and operating costs.

Along with a decrease in total program expenses, net position increased in fiscal year 2022 with a slight increase in total revenues. The increase in total revenues was primarily attributable to the increase in operating grants and contributions. This change was mainly due to increased grant funding through the elementary and secondary school emergency relief program.

As one can see, the five highest program expenses are for regular instruction, special instruction, pupil support services, operation and maintenance of plant support services, and pupil transportation support services.

The primary component of the decrease in program expenses resulted from changes in assumptions and benefit terms of pension and OPEB plans.

The statement of activities shows the total net cost of program services. Table 3 shows the total cost of services for governmental activities and the net cost of those services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3  
Governmental Activities

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
Instruction:				
Regular	\$15,209,524	(\$13,706,702)	\$17,099,822	(\$16,355,395)
Special	4,273,840	(2,443,969)	4,845,553	(3,389,353)
Vocational	95,908	(94,879)	100,725	(80,158)
Student Intervention Services	227,123	(225,217)	1,383,620	(1,304,814)
Support Services:				
Pupils	2,172,736	(1,936,226)	2,237,160	(1,731,728)
Instructional Staff	1,249,213	(583,059)	972,376	(878,620)
Board of Education	126,374	(125,341)	209,622	(197,642)
Administration	1,379,649	(1,362,268)	1,577,167	(1,484,677)
Fiscal	767,351	(761,267)	774,987	(735,794)
Business	116,399	(111,576)	286,761	(267,238)
Operation and Maintenance of Plant	2,849,605	(2,586,712)	3,092,657	(2,528,003)
Pupil Transportation	2,268,075	(2,159,693)	1,725,141	(1,532,346)
Central	128,634	(127,489)	108,279	(102,146)
Food Service Operations	1,041,633	565,567	1,008,762	166,974
Community Services	481,072	(115,754)	454,645	(153,973)
Extracurricular Activities	1,009,498	(668,571)	1,057,736	(831,417)
Interest and Fiscal Charges	1,591,203	(1,591,203)	1,248,533	(1,248,533)
Total Expenses	<u>\$34,987,837</u>	<u>(\$28,034,359)</u>	<u>\$38,183,546</u>	<u>(\$32,654,863)</u>

**Cloverleaf Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2022*  
*Unaudited*

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## **School District's Funds**

Information regarding the School District's major funds can be found beginning on page 16. These funds are accounted for using the modified accrual basis of accounting. Capital outlay increased over the prior fiscal year primarily due to construction costs from the COPs issuances yet to be spent by the School District.

The fiscal year-end fund balance for the general fund saw an increase from the prior fiscal year's ending balance due to an increase in property taxes revenue for reasons mentioned previously. Overall, expenses increased from the prior fiscal year. With the large margin between revenues and expenditures, the general fund was able to increase transfers out, providing a significant transfer of monies to the capital projects fund during fiscal year 2022.

The permanent improvement fund saw an increase in fund balance. There was a slight decrease in revenues while also realizing a decrease in total expenditures. The decrease in expenditures was caused by less asset purchases and improvements of buildings throughout the School District than in the prior fiscal year. The transfers out were to move monies to the capital grants fund to pay for debt service payments.

The building fund saw a significant decrease from the prior fiscal year as proceeds of certificates of participation for outdoor athletic and high school facilities projects were being spent down.

The capital projects fund increased during the fiscal year. While debt obligations began to be paid during the fiscal year, the general fund was able to transfer a significant amount in order to help with capital improvements and debt obligations.

The capital grants fund was able to cover the increase in debt service payments as a result of the increase in intergovernmental revenue based on sales tax revenues increase in the County.

## **General Fund Budgeting Highlights**

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

During the course of fiscal year 2022, the School District amended its general fund budget several times. For the general fund, the final budget basis revenue estimates decreased compared to the original budget basis revenue estimates due to lower intergovernmental revenue estimates. Actual revenues were higher than final budgeted revenues due to intergovernmental revenues coming in higher than expected. The final budgeted expenditures were lower than the original budgeted expenditures in regular and special instruction, due to conservative budgeting. Actual expenditures were lower than final budgeted expenditures in regular instruction due to conservative budgeting.

## **Capital Assets and Debt Administration**

### ***Capital Assets***

All capital assets, except land and construction in progress, are reported net of depreciation. The increase in capital assets was the result of new asset purchases exceeding annual depreciation and deletions, which mainly consisted of building and land improvements throughout the School District, an elementary school building addition, classroom equipment, and various support service vehicles and equipment. For more information on capital assets, refer to Note 12 of the basic financial statements.

**Cloverleaf Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2022*  
*Unaudited*

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***Debt***

During the fiscal year, outstanding debt decreased due to the payment of current debt obligations.

The 2014 refunding certificates of participation were issued to refund a portion of the 2009B certificates of participation. This debt was partially refunded and was fully repaid during fiscal year 2022.

The 2020A refunding certificates of participation were issued to refund the majority of the 2014 refunding certificates of participation and the remaining 2017 refunding certificates of participation. This debt will be fully repaid in fiscal year 2038.

The 2020B certificates of participation were issued to construct, enlarge, furnish, and equip the School District's outdoor athletic facilities. This debt will be fully repaid in fiscal year 2035.

The 2021 certificates of participation were issued to construct, enlarge, furnish, and equip the School District's high school facilities. This debt will be fully repaid in fiscal year 2051.

The School District's overall legal debt margin was \$62,178,191 with an unvoted debt margin of \$690,867.

In addition to the long-term debt, the School District's long-term obligations include net pension liability, net OPEB liability, lease, and compensated absences. Additional information for long-term obligations can be found in Note 13.

**Current Financial Related Activities**

The School District has faced a variety of financial challenges in recent years. On the May 6, 2014 ballot, the School District's voters passed an additional 3.5 mill operating levy and an additional 0.75 percent income tax. The School District's financial condition has significantly improved because of voter support.

The School District continues to strive for financial stability while attempting to maximize the impact on educational programs. The School District is currently projecting a positive cash balance within the five-year forecast through 2026. Management will continue to collaborate with staff members and the community to improve the financial condition of the School District for the benefit of students.

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

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mr. James Hudson, Treasurer, at Cloverleaf Local School District, 8525 Friendsville Road, Lodi, Ohio 44254, or email at [jim.hudson@cloverleaflocal.org](mailto:jim.hudson@cloverleaflocal.org).



## **Basic Financial Statements**

**Cloverleaf Local School District**  
*Statement of Net Position*  
*June 30, 2022*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$76,566,049
Accrued Interest Receivable	94,379
Property Taxes Receivable	29,153,741
Income Taxes Receivables	2,953,577
Accounts Receivable	4,622
Intergovernmental Receivable	2,247,923
Prepaid Items	138,379
Inventory Held for Resale	15,913
Materials and Supplies Inventory	27,149
Net OPEB Asset (See Note 23)	2,347,492
Nondepreciable Capital Assets	10,121,431
Depreciable Capital Assets, Net	34,637,394
<i>Total Assets</i>	158,308,049
<b>Deferred Outflows of Resources</b>	
Deferred Charges on Refunding	2,289,300
Pension	8,130,227
OPEB	946,706
<i>Total Deferred Outflows of Resources</i>	11,366,233
<b>Liabilities</b>	
Accounts Payable	179,769
Accrued Wages and Benefits	2,858,682
Intergovernmental Payable	825,657
Accrued Interest Payable	292,922
Matured Compensated Absences Payable	52,905
Contracts Payable	2,410,002
Retainage Payable	278,543
Long-Term Liabilities:	
Due Within One Year	3,783,227
Due in More Than One Year:	
Net Pension Liability (See Note 22)	19,068,800
Net OPEB Liability (See Note 23)	2,559,475
Other Amounts Due in More Than One Year	63,380,514
<i>Total Liabilities</i>	95,690,496
<b>Deferred Inflows of Resources</b>	
Property Taxes	18,740,767
Pension	15,063,362
OPEB	4,341,158
<i>Total Deferred Inflows of Resources</i>	38,145,287
<b>Net Position</b>	
Net Investment in Capital Assets	16,088,660
Restricted for:	
Capital Projects	10,221,827
Food Service Operations	456,101
Student Activities	87,889
Athletics and Music	128,086
Local Grants	26,878
State Grants	18,517
Federal Grants	683
Unclaimed Monies	14,470
Unrestricted	8,795,388
<i>Total Net Position</i>	\$35,838,499

See accompanying notes to the basic financial statements

**Cloverleaf Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2022

	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$15,209,524	\$539,664	\$963,158	\$0	(\$13,706,702)
Special	4,273,840	272,197	1,557,674	0	(2,443,969)
Vocational	95,908	855	174	0	(94,879)
Student Intervention Services	227,123	1,906	0	0	(225,217)
Support Services:					
Pupils	2,172,736	17,058	219,452	0	(1,936,226)
Instructional Staff	1,249,213	25,576	640,578	0	(583,059)
Board of Education	126,374	1,033	0	0	(125,341)
Administration	1,379,649	12,163	5,218	0	(1,362,268)
Fiscal	767,351	6,067	17	0	(761,267)
Business	116,399	4,823	0	0	(111,576)
Operation and Maintenance of Plant	2,849,605	21,603	238,790	2,500	(2,586,712)
Pupil Transportation	2,268,075	17,331	91,051	0	(2,159,693)
Central	128,634	1,145	0	0	(127,489)
Food Service Operations	1,041,633	137,410	1,469,790	0	565,567
Community Services	481,072	351,464	13,854	0	(115,754)
Extracurricular Activities	1,009,498	296,042	44,885	0	(668,571)
Interest and Fiscal Charges	1,591,203	0	0	0	(1,591,203)
<i>Total</i>	<u>\$34,987,837</u>	<u>\$1,706,337</u>	<u>\$5,244,641</u>	<u>\$2,500</u>	<u>(28,034,359)</u>
<b>General Revenues</b>					
Property Taxes Levied for:					
General Purposes					24,133,707
Capital Projects					1,061,924
Income Taxes Levied for General Purposes					7,156,926
Payments in Lieu of Taxes					5,850
Grants and Entitlements not Restricted to Specific Programs					10,183,913
Grants Restricted for Permanent Improvements					972,310
Investment Earnings					(1,355,135)
Miscellaneous					96,033
<i>Total General Revenues</i>					<u>42,255,528</u>
Change in Net Position					14,221,169
<i>Net Position Beginning of Year - Restated (See Note 3)</i>					<u>21,617,330</u>
<i>Net Position End of Year</i>					<u>\$35,838,499</u>

See accompanying notes to the basic financial statements

**Cloverleaf Local School District**

*Balance Sheet  
Governmental Funds  
June 30, 2022*

	General	Permanent Improvement	Building
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$33,147,992	\$1,385,821	\$32,347,573
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	14,470	0	0
Accrued Interest Receivable	69,897	0	12,496
Property Taxes Receivable	27,967,803	1,185,938	0
Income Taxes Receivables	2,953,577	0	0
Accounts Receivable	4,622	0	0
Intergovernmental Receivable	435,229	0	0
Interfund Receivable	1,366,859	0	0
Prepaid Items	107,018	0	26,350
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	0	0	0
<i>Total Assets</i>	<u>\$66,067,467</u>	<u>\$2,571,759</u>	<u>\$32,386,419</u>
<b>Liabilities</b>			
Accounts Payable	\$55,929	\$11,773	\$0
Accrued Wages and Benefits	2,631,779	0	0
Intergovernmental Payable	809,399	0	0
Matured Compensated Absences Payable	52,905	0	0
Contracts Payable	510	0	2,083,022
Retainage Payable	0	0	269,630
Interfund Payable	0	837,226	0
<i>Total Liabilities</i>	<u>3,550,522</u>	<u>848,999</u>	<u>2,352,652</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	17,892,932	847,835	0
Unavailable Revenue	9,890,907	289,903	0
<i>Total Deferred Inflows of Resources</i>	<u>27,783,839</u>	<u>1,137,738</u>	<u>0</u>
<b>Fund Balances</b>			
Nonspendable	121,488	0	26,350
Restricted	0	585,022	30,007,417
Committed	83,878	0	0
Assigned	269,173	0	0
Unassigned (Deficit)	34,258,567	0	0
<i>Total Fund Balances (Deficit)</i>	<u>34,733,106</u>	<u>585,022</u>	<u>30,033,767</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$66,067,467</u>	<u>\$2,571,759</u>	<u>\$32,386,419</u>

See accompanying notes to the basic financial statements

Capital Projects	Capital Grants	Other Governmental Funds	Total Governmental Funds
\$8,866,545	\$750	\$802,898	\$76,551,579
0	0	0	14,470
11,986	0	0	94,379
0	0	0	29,153,741
0	0	0	2,953,577
0	0	0	4,622
0	1,011,551	801,143	2,247,923
0	0	0	1,366,859
0	0	5,011	138,379
0	0	15,913	15,913
0	0	27,149	27,149
<u>\$8,878,531</u>	<u>\$1,012,301</u>	<u>\$1,652,114</u>	<u>\$112,568,591</u>
\$0	\$0	\$112,067	\$179,769
0	0	226,903	2,858,682
0	0	16,258	825,657
0	0	0	52,905
326,470	0	0	2,410,002
8,913	0	0	278,543
0	0	529,633	1,366,859
<u>335,383</u>	<u>0</u>	<u>884,861</u>	<u>7,972,417</u>
0	0	0	18,740,767
0	664,724	801,143	11,646,677
<u>0</u>	<u>664,724</u>	<u>801,143</u>	<u>30,387,444</u>
0	0	32,160	179,998
8,543,148	347,577	729,680	40,212,844
0	0	5,459	89,337
0	0	0	269,173
0	0	(801,189)	33,457,378
<u>8,543,148</u>	<u>347,577</u>	<u>(33,890)</u>	<u>74,208,730</u>
<u>\$8,878,531</u>	<u>\$1,012,301</u>	<u>\$1,652,114</u>	<u>\$112,568,591</u>

**Cloverleaf Local School District**  
*Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
June 30, 2022*

<b>Total Governmental Fund Balances</b>	\$74,208,730
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	44,758,825
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:	
Delinquent Property Taxes	\$9,380,544
Income Taxes	504,576
Intergovernmental	801,143
County Levied Sales Tax	664,724
Tuition and Fees	295,690
<b>Total</b>	11,646,677
Deferred outflows of resources represent deferred charges on refundings, which are not reported in the funds.	2,289,300
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(292,922)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
Certificates of Participation	(64,160,588)
Compensated Absences	(3,003,153)
<b>Total</b>	(67,163,741)
The net pension and net OPEB asset/liabilities are not due and payable in the current period; therefore, the asset/liabilities and related deferred outflows/inflows are not reported in governmental funds:	
Net OPEB Asset	2,347,492
Deferred Outflows - Pension	8,130,227
Deferred Outflows - OPEB	946,706
Net Pension Liability	(19,068,800)
Net OPEB Liability	(2,559,475)
Deferred Inflows - Pension	(15,063,362)
Deferred Inflows - OPEB	(4,341,158)
<b>Total</b>	(29,608,370)
 <i>Net Position of Governmental Activities</i>	 \$35,838,499

See accompanying notes to the basic financial statements

**Cloverleaf Local School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2022*

	General	Permanent Improvement	Building
<b>Revenues</b>			
Property Taxes	\$19,702,466	\$920,969	\$0
Income Taxes	7,091,148	0	0
Payments in Lieu of Taxes	5,850	0	0
Intergovernmental	11,138,689	103,820	0
Interest	(871,036)	0	(414,672)
Tuition and Fees	943,795	0	0
Charges for Services	335,334	0	0
Extracurricular Activities	27,864	0	0
Contributions and Donations	28,432	0	0
Rentals	109,110	0	0
Miscellaneous	43,718	0	0
<i>Total Revenues</i>	<u>38,555,370</u>	<u>1,024,789</u>	<u>(414,672)</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	14,978,290	34,427	0
Special	3,949,815	0	0
Vocational	102,303	0	0
Student Intervention Services	233,095	0	0
Support Services:			
Pupils	2,056,827	0	0
Instructional Staff	620,939	36,803	0
Board of Education	126,374	0	0
Administration	1,505,860	3,245	0
Fiscal	804,296	14,211	0
Business	112,864	0	0
Operation and Maintenance of Plant	2,622,513	209,575	0
Pupil Transportation	2,119,267	202,450	0
Central	135,086	0	0
Food Service Operations	26	32,532	0
Community Services	403,536	0	0
Extracurricular Activities	791,040	0	0
Capital Outlay	150	90,144	8,511,018
Debt Service:			
Principal Retirement	9,352	0	0
Interest and Fiscal Charges	93	0	0
<i>Total Expenditures</i>	<u>30,571,726</u>	<u>623,387</u>	<u>8,511,018</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>7,983,644</u>	<u>401,402</u>	<u>(8,925,690)</u>
<b>Other Financing Sources (Uses)</b>			
Sale of Capital Assets	0	475	0
Transfers In	0	0	0
Transfers Out	(7,303,268)	(76,793)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(7,303,268)</u>	<u>(76,318)</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	680,376	325,084	(8,925,690)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>34,052,730</u>	<u>259,938</u>	<u>38,959,457</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$34,733,106</u>	<u>\$585,022</u>	<u>\$30,033,767</u>

See accompanying notes to the basic financial statements

(continued)

**Cloverleaf Local School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds (continued)*  
*For the Fiscal Year Ended June 30, 2022*

	Capital Projects	Capital Grants	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$0	\$0	\$0	\$20,623,435
Income Taxes	0	0	0	7,091,148
Payments in Lieu of Taxes	0	0	0	5,850
Intergovernmental	0	1,473,656	3,613,625	16,329,790
Interest	(69,427)	0	0	(1,355,135)
Tuition and Fees	0	0	0	943,795
Charges for Services	0	0	55,828	391,162
Extracurricular Activities	0	0	252,419	280,283
Contributions and Donations	2,500	0	29,266	60,198
Rentals	0	0	2,309	111,419
Miscellaneous	0	0	52,315	96,033
<i>Total Revenues</i>	<u>(66,927)</u>	<u>1,473,656</u>	<u>4,005,762</u>	<u>44,577,978</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	0	0	861,334	15,874,051
Special	0	0	677,203	4,627,018
Vocational	0	0	0	102,303
Student Intervention Services	0	0	0	233,095
Support Services:				
Pupils	0	0	284,462	2,341,289
Instructional Staff	0	0	644,845	1,302,587
Board of Education	0	0	0	126,374
Administration	0	0	56,581	1,565,686
Fiscal	0	0	13	818,520
Business	0	0	3,535	116,399
Operation and Maintenance of Plant	0	0	203,457	3,035,545
Pupil Transportation	0	0	22,020	2,343,737
Central	0	0	0	135,086
Food Service Operations	0	0	1,103,068	1,135,626
Community Services	0	0	7,717	411,253
Extracurricular Activities	0	0	242,119	1,033,159
Capital Outlay	1,883,551	3,000	0	10,487,863
Debt Service:				
Principal Retirement	2,565,000	890,000	0	3,464,352
Interest and Fiscal Charges	1,148,762	627,690	0	1,776,545
<i>Total Expenditures</i>	<u>5,597,313</u>	<u>1,520,690</u>	<u>4,106,354</u>	<u>50,930,488</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(5,664,240)</u>	<u>(47,034)</u>	<u>(100,592)</u>	<u>(6,352,510)</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	0	0	0	475
Transfers In	7,213,742	76,793	89,526	7,380,061
Transfers Out	0	0	0	(7,380,061)
<i>Total Other Financing Sources (Uses)</i>	<u>7,213,742</u>	<u>76,793</u>	<u>89,526</u>	<u>475</u>
<i>Net Change in Fund Balances</i>	1,549,502	29,759	(11,066)	(6,352,035)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>6,993,646</u>	<u>317,818</u>	<u>(22,824)</u>	<u>80,560,765</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$8,543,148</u>	<u>\$347,577</u>	<u>(\$33,890)</u>	<u>\$74,208,730</u>

See accompanying notes to the basic financial statements



**Cloverleaf Local School District**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2022*

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**Net Change in Fund Balances - Total Governmental Funds** (\$6,352,035)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period:

Capital Outlay	\$10,909,026	
Current Year Depreciation	(1,266,698)	
Total		9,642,328

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (50,081)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent Property Taxes	4,572,196	
Income Taxes	65,778	
Intergovernmental	618,542	
County Levied Sales Tax	(605,166)	
Tuition and Fees	(20,322)	
Total		4,631,028

Repayment of certificates of participation and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:

Certificates of Participation	3,455,000	
Capital Leases	9,352	
Total		3,464,352

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued Interest	300,034	
Amortization of Certificates of Participation Discount	(12,209)	
Amortization of Certificates of Participation Premiums	102,400	
Amortization of Deferred Charges on Refunding	(204,883)	
Total		185,342

Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (287,013)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:

Pension	2,705,946	
OPEB	90,758	
Total		2,796,704

Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEB asset/liabilities are reported as pension/OPEB expense in the statement of activities:

Pension	18,915	
OPEB	171,629	
Total		190,544

*Change in Net Position of Governmental Activities* \$14,221,169

See accompanying notes to the basic financial statements

**Cloverleaf Local School District**  
*Statement of Revenues, Expenditures and Changes*  
*In Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2022*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$15,460,158	\$15,460,158	\$15,460,158	\$0
Income Taxes	6,634,605	6,634,605	6,634,605	0
Payments in Lieu of Taxes	5,850	5,850	5,850	0
Intergovernmental	10,414,307	9,539,660	10,750,238	1,210,578
Interest	250,707	250,707	250,707	0
Tuition and Fees	719,248	719,248	719,248	0
Extracurricular Activities	2,486	2,486	2,486	0
Miscellaneous	39,828	39,828	39,828	0
<i>Total Revenues</i>	33,527,189	32,652,542	33,863,120	1,210,578
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	10,126,069	9,894,557	9,590,691	303,866
Special	3,128,630	3,037,254	3,037,254	0
Vocational	101,893	101,893	101,893	0
Student Intervention Services	224,553	224,553	224,553	0
Support Services:				
Pupils	1,998,599	1,998,599	1,998,599	0
Instructional Staff	666,451	666,451	666,451	0
Board of Education	134,910	134,910	134,910	0
Administration	1,526,964	1,526,964	1,526,964	0
Fiscal	735,061	735,061	735,061	0
Business	193,346	193,346	193,346	0
Operation and Maintenance of Plant	2,695,193	2,695,193	2,695,193	0
Pupil Transportation	2,083,146	2,083,146	2,083,146	0
Central	139,090	139,090	139,090	0
Community Services	30,365	30,365	30,365	0
Extracurricular Activities	720,812	720,812	720,812	0
Debt Service:				
Principal Retirement	9,352	9,352	9,352	0
Interest and Fiscal Charges	93	93	93	0
<i>Total Expenditures</i>	24,514,527	24,191,639	23,887,773	303,866
<i>Excess of Revenues Over Expenditures</i>	9,012,662	8,460,903	9,975,347	1,514,444
<b>Other Financing Sources (Uses)</b>				
Advances In	275,000	275,000	247,842	(27,158)
Transfers In	15,000	15,000	1,959	(13,041)
Advances Out	0	(624,396)	(624,396)	0
Transfers Out	0	(7,351,044)	(7,351,044)	0
<i>Total Other Financing Sources (Uses)</i>	290,000	(7,685,440)	(7,725,639)	(40,199)
<i>Net Change in Fund Balance</i>	9,302,662	775,463	2,249,708	1,474,245
<i>Fund Balance Beginning of Year</i>	28,817,892	28,817,892	28,817,892	0
Prior Year Encumbrances Appropriated	514,527	514,527	514,527	0
<i>Fund Balance End of Year</i>	\$38,635,081	\$30,107,882	\$31,582,127	\$1,474,245

See accompanying notes to the basic financial statements

**Cloverleaf Local School District**  
*Statement of Fiduciary Net Position*  
*Fiduciary Fund*  
*June 30, 2022*

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	<u>Private Purpose Trust Scholarship and Alumni Programs</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$31,065</u>
<b>Net Position</b>	
Held in Trust for Scholarships:	
Expendable	<u><u>\$31,065</u></u>

See accompanying notes to the basic financial statements

**Cloverleaf Local School District**  
*Statement of Changes in Fiduciary Net Position*  
*Fiduciary Funds*  
*For the Fiscal Year Ended June 30, 2022*

	Private Purpose Trust Scholarship and Alumni Programs
<b>Additions</b>	
Payments in Lieu of Taxes	\$2,000
Contributions and Donations	18,662
Miscellaneous	1,961
<i>Total Additions</i>	22,623
<b>Deductions</b>	
Scholarships Awarded	14,806
<i>Net Increase in Fiduciary Net Position</i>	7,817
<i>Net Position Beginning of Year</i>	23,248
<i>Net Position End of Year</i>	\$31,065

See accompanying notes to the basic financial statements

**Cloverleaf Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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**Note 1 – Description of the School District and Reporting Entity**

The Cloverleaf Local School District (the “School District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District is governed by a five-member Board of Education (the Board) elected by its citizens, which is responsible for the provision of public education to residents of the School District.

The School District is located in Medina County and encompasses the Village of Lodi, Village of Westfield Center, Village of Seville, Village of Chippewa Lake, Village of Gloria Glens, Westfield Township, Harrisville Township, Chatham Township and Lafayette Township. The School District currently operates one elementary school, one middle school and one high school, which are staffed by 15 administrators, 180 certified employees, and 182 non-certified employees, who provide services to 2,265 students and other community members.

*Reporting Entity*

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The School District does not have any component units.

The School District participates in three jointly governed organizations and three public entity risk pools. These organizations are the Northeast Ohio Network for Educational Technology (NEOnet), the Medina County Career Center, the Ohio Schools Council, the Stark County Schools Council of Governments, the Comp Management Workers’ Compensation Group Rating Program, and the Ohio School Plan. These organizations are addressed in Notes 17 and 18 to the basic financial statements.

**Note 2 – Summary of Significant Accounting Policies**

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

**Cloverleaf Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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***Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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

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

***Fund Accounting***

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

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

The following are the School District's major governmental funds:

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

**Cloverleaf Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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***Permanent Improvement Fund*** The permanent improvement fund is used to account for financial resources that are restricted for the acquisition or construction of major capital facilities.

***Building Fund*** To account for and report restricted monies used for the building, restoration or improvement of the School District property.

***Capital Projects Fund*** The capital projects fund is used to account for accumulated money for one or more capital projects.

***Capital Grants Fund*** The capital grants fund is used to account for revenues or grants received from another local government that are restricted to expenditures for permanent improvements.

The other governmental funds of the School District account for and report grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

***Fiduciary Funds Types*** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's only fiduciary fund is a private purpose trust, which accounts for scholarship and alumni programs.

***Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

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

Like the government-wide statements, all fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

The private purpose trust fund is reported using the economic resources measurement focus.

**Cloverleaf Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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***Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. Revenue from income taxes is recognized as revenue on the accrual basis in the period in which income is earned (see Note 8). Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 9). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and for pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 22 and 23.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position



**Cloverleaf Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, income taxes, intergovernmental revenue, shared sales taxes, and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities found on page 18. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 22 and 23).

***Expenditures/Expenses*** On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the “operating grants and contributions” program revenue account.

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

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

For purposes of measuring the net pension/OPEB liabilities (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plans. 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.

***Cash and Cash Equivalents***

To improve cash management, all cash received by the School District is pooled except for certain investments for the private purpose trust funds. Individual fund integrity is maintained through the School District records. Interest in the pool is presented as “equity in pooled cash and cash equivalents” on the financial statements.

During fiscal year 2022, investments were limited to commercial paper, STAR Ohio, the State Treasurer’s Investment Pool, money market accounts, municipal bonds, federal agricultural mortgage corporation bonds, federal farm credit bank bonds, federal home loan bank bonds, federal home loan mortgage corporation bonds, federal national mortgage association bonds, United States treasury notes, and negotiable certificates of deposit. Investments are reported at fair value except for commercial paper and STAR Ohio. The School District’s commercial paper is measured at amortized cost, as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

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 School District measures their 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.

**Cloverleaf Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million per day, 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.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during the fiscal year 2022 amounted to (\$871,036), which included (\$284,335) assigned from other School District funds. The fair value of investments declined during fiscal year 2022, resulting in a negative investment earnings.

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

***Restricted Assets***

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments or imposed by law through constitutional provision. Restricted assets in the general fund are for unclaimed monies.

***Prepays***

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are reported as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

***Inventory***

Inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are presented on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption and purchased and donated food held for resale.

***Capital Assets***

All capital assets (except for intangible right-to-use lease assets, which are discussed below) of the School District are classified as general capital assets. General capital assets are capital assets which are associated with and generally arise from governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

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

**Cloverleaf Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	5-20 Years
Buildings and Improvements	30-50 Years
Furniture and Equipment	5-20 Years
Vehicles	5-20 Years
Intangible Right to Use Lease - Equipment	5 Years

The School District is reporting intangible right-to-use assets related to leased equipment. These intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

***Interfund Balances***

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities column of the statement of net position.

***Compensated Absences***

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

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

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

For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “matured compensated absences payable” in the fund from which the employees who have resigned or retired will be paid. The non-current portion of the liability is not reported.

***Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds; however, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Certificates of participation and leases are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plans’ fiduciary net position is not sufficient for payment of those benefits.

**Cloverleaf Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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***Fund Balances***

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

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

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

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

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance includes the remaining amount that is not restricted or committed. These assigned balances are established by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or by a School District official delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balances for purchases on order provided such amounts have been lawfully appropriated. The Board of Education also assigned fund balance for uniform school supplies and public school support.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

***Net Position***

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Cloverleaf Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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

***Estimates***

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

***Budgetary Data***

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District's Treasurer. The amounts reported in the budgetary statement as the original and final budgeted amounts reflect the amounts in the amended certificate in effect when the original and final appropriations were passed by the Board of Education.

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

***Premiums and Discounts***

On the government-wide financial statements, bond premiums and discounts are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On fund financial statements, bond premiums are received in the year the bonds are issued. On the government-wide financial statements, bond discounts are presented as a decrease of the face amount of the general obligation bonds payable. On the fund financial statements, bond discounts are expended in the year the bonds are issued.

Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

***Deferred Charges on Refunding***

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

**Cloverleaf Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

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**Note 3 – Changes in Accounting Principles and Restatement of Net Position**

***Changes in Accounting Principles***

For fiscal year 2022, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases and related guidance from (GASB) Implementation Guide No. 2019-3, Leases.

GASB Statement 87 enhances the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the School District’s 2022 financial statements. The School District recognized \$9,352 in leases payable at July 1, 2021; however, there was no effect on beginning net position.

The School District is also implementing *Implementation Guide No. 2020-1*, GASB Statement No. 92 – *Omnibus 2020*, and GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. These changes were incorporated in the School District’s 2022 financial statements; however, there was no effect on beginning net position/fund balance.

For fiscal year 2022, the School District modified its approach related to the eligibility requirements of certain School District grants resulting in the following restatement to net position at July 1, 2021.

***Restatement of Net Position***

	<u>Governmental Activities</u>
Net Position at June 30, 2021	\$21,662,509
Adjustment:	
Intergovernmental Receivable	<u>(45,179)</u>
Restated Net Position at June 30, 2021	<u><u>\$21,617,330</u></u>

**Note 4 – Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursement and encumbrances. The statement of revenues, expenditures and changes in fund balance – budget (non-GAAP basis) and actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).

**Cloverleaf Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

3. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statement. These amounts are included as revenue on the GAAP basis operating statement.
4. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
5. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
6. Budgetary revenues and expenditures of the uniform school supply, recreation, food service consultation, emergency levy, public school support, unclaimed monies, and Ohio High School Athletic Association funds are reclassified to the general fund for GAAP reporting.
7. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund:

Net Change in Fund Balance	
	General
GAAP Basis	\$680,376
Net Adjustment for Revenue Accruals	34,379
Beginning Fair Value Adjustment for Investments	348,231
Ending Fair Value Adjustment for Investments	782,328
Beginning Unrecorded Cash	15,242
Ending Unrecorded Cash	(16,974)
Net Adjustment for Expenditure Accruals	(72,670)
Advances In	247,842
Advances Out	(624,396)
Perspective Differences:	
Uniform School Supply	(2,192)
Recreation	2,183
Food Service Consultation	(85,723)
Emergency Levy	1,145,459
Public School Support	5,019
Unclaimed Monies	(1,171)
Ohio High School Athletic Association	2,436
Adjustment for Encumbrances	(210,661)
Budget Basis	\$2,249,708

**Cloverleaf Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

**Note 5 – Accountability**

The following funds had deficit fund balances at June 30, 2022:

Fund	Deficit Fund Balances
<b><i>Special Revenue Funds:</i></b>	
Elementary and Secondary School Emergency Relief	\$271,709
Title VI-B	90,827
Title I	66,269
Reducing Class Size	16,947
Miscellaneous Federal Grants	355,437

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the general fund needed for operations until the receipt of grant monies. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Note 6 – Fund Balances**

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

Fund Balances	General	Permanent Improvement	Building	Capital Projects	Capital Grants	Other Governmental Funds	Total
<b><i>Nonspendable:</i></b>							
Prepays	\$107,018	\$0	\$26,350	\$0	\$0	\$5,011	\$138,379
Materials and Supplies Inventory	0	0	0	0	0	27,149	27,149
Unclaimed Monies	14,470	0	0	0	0	0	14,470
<b><i>Total Nonspendable</i></b>	<b>121,488</b>	<b>0</b>	<b>26,350</b>	<b>0</b>	<b>0</b>	<b>32,160</b>	<b>179,998</b>
<b><i>Restricted for:</i></b>							
Capital Projects	0	585,022	30,007,417	8,543,148	347,577	13,221	39,496,385
Debt Service	0	0	0	0	0	122	122
Food Service Operations	0	0	0	0	0	454,967	454,967
Student Activities	0	0	0	0	0	87,889	87,889
Athletics and Music	0	0	0	0	0	128,086	128,086
Local Grants	0	0	0	0	0	26,878	26,878
State Grants	0	0	0	0	0	18,517	18,517
<b><i>Total Restricted</i></b>	<b>\$0</b>	<b>\$585,022</b>	<b>\$30,007,417</b>	<b>\$8,543,148</b>	<b>\$347,577</b>	<b>\$729,680</b>	<b>\$40,212,844</b>

(continued)



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*Notes to the Basic Financial Statements*  
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Fund Balances	General	Permanent Improvement	Building	Capital Projects	Capital Grants	Other Governmental Funds	Total
<b><i>Committed to:</i></b>							
Purchases on Order:							
Student Instruction	\$6,303	\$0	\$0	\$0	\$0	\$0	\$6,303
Support Services	77,575	0	0	0	0	0	77,575
Background Checks	0	0	0	0	0	5,459	5,459
<i>Total Committed</i>	<u>83,878</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,459</u>	<u>89,337</u>
<b><i>Assigned to:</i></b>							
Uniform School Supplies	158,803	0	0	0	0	0	158,803
Public School Support	110,370	0	0	0	0	0	110,370
<i>Total Assigned</i>	<u>269,173</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>269,173</u>
Unassigned (Deficit)	<u>34,258,567</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(801,189)</u>	<u>33,457,378</u>
Total Fund Balances	<u>\$34,733,106</u>	<u>\$585,022</u>	<u>\$30,033,767</u>	<u>\$8,543,148</u>	<u>\$347,577</u>	<u>(\$33,890)</u>	<u>\$74,208,730</u>

**Note 7 – Deposits and Investments**

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
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 previously provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

**Cloverleaf Local School District**  
*Notes to the Basic Financial Statements*  
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4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in 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 (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. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim monies available for investment at the time of purchase.

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

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

### **Deposits**

***Custodial Credit Risk*** Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year-end, \$819,354 of the School District's total bank balance of \$28,366,683 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. One of the School District's financial institutions participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

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 market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Cloverleaf Local School District**  
*Notes to the Basic Financial Statements*  
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**Investments**

As of June 30, 2022, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
<b>Amortized Cost:</b>				
Commercial Paper	\$3,666,206	Less Than One Year	N/A	7.54 %
<b>Net Asset Value Per Share:</b>				
STAR Ohio	5,210,679	Less Than One Year	AAAm	10.71
<b>Fair Value - Level 1 Input:</b>				
Money Market Accounts	170,167	Less Than One Year	AAAm	0.35
<b>Fair Value - Level 2 Input:</b>				
Municipal Bonds	974,257	Less Than Four Years	AAA / N/A	2.00
Federal Agricultural Mortgage Corporation Bonds	258,409	Less Than Five Years	N/A	0.53
Federal Farm Credit Bank Bonds	5,110,139	Less Than Four Years	AA+	10.50
Federal Home Loan Bank Bonds	4,116,248	Less Than Five Years	AA+	8.46
Federal Home Loan Mortgage Corporation Bonds	975,308	Less Than Four Years	AA+ / N/A	2.00
Federal National Mortgage Association Bonds	2,336,544	Less Than Three Years	AA+	4.80
United States Treasury Notes	19,049,660	Less Than Five Years	N/A	39.16
Negotiable Certificates of Deposit	6,783,989	Less Than Four Years	N/A	13.95
<i>Total Investments</i>	<u>\$48,651,606</u>			<u>100.00 %</u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The preceding chart identifies the School District's recurring fair value measurements as of June 30, 2022. The money market accounts are measured at fair value and are valued using quoted market prices (Level 1 inputs). The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (Level 2 inputs).

**Interest Rate Risk** As a means of limiting its exposure to fair value losses arising from rising interest rates, and according to State law, the School District's investment policy limits investment portfolio maturities to five years or less. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District and that investment must be purchased with the expectation that it will be held to maturity. Repurchase agreements shall not exceed thirty days.

**Credit Risk** The School District's investment policy requires certain credit ratings for some investments as allowed by State law. STAR Ohio carries a credit rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Federal Agricultural Mortgage Corporation Bonds, Federal Farm Credit Bank Bonds, Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Bonds, and Federal National Mortgage Association Bonds carry a rating of AA+ by Standard & Poor's.

**Custodial Credit Risk** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School 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 School 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.

**Cloverleaf Local School District**  
*Notes to the Basic Financial Statements*  
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**Concentration of Credit Risk** The School District places no limit on the amount it may invest in any one issuer.

**Note 8 – Income Tax**

The School District levies a voted tax of 1.25 percent for general operations of the earned income of residents. The first 0.5 percent tax was effective during fiscal year 2007, and the second 0.75 percent tax was passed on May 6, 2014. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

**Note 9 – Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Public utility real property taxes received in calendar year 2022 became a lien December 31, 2020, were levied after April 1, 2021, and are collected in calendar year 2022 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Medina County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes, which are measurable as of June 30, 2022, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2022, was \$984,230 in the general fund and \$48,200 in the permanent improvement fund. The amount available as an advance at June 30, 2021, was \$1,356,740 in the general fund and \$64,870 in the permanent improvement fund. The difference was in the timing and collection by the County Auditor.

**Cloverleaf Local School District**  
*Notes to the Basic Financial Statements*  
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On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which the fiscal year 2022 taxes were collected are:

	2021 Second Half Collections		2022 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$594,833,330	87.80%	\$605,783,110	87.68%
Public Utility Personal Property	82,647,640	12.20%	85,084,320	12.32%
<b>Total</b>	<b>\$677,480,970</b>	<b>100.00%</b>	<b>\$690,867,430</b>	<b>100.00%</b>
Tax rate per \$1,000 of Assessed Valuation	\$56.50		\$55.80	

The tax rate decreased due to the emergency levies decreasing to keep collection amounts consistent from the increase in assessed valuation.

**Note 10 – Tax Abatements**

For fiscal year 2022, the School District’s property taxes were reduced under community reinvestment area (CRA) agreements entered into by the Village of Seville. The amount of fiscal year 2022 taxes abated was \$103,454. Payments in lieu of taxes during the fiscal year were \$7,850.

**Note 11 – Receivables**

Receivables at June 30, 2022, consisted of accrued interest, taxes, accounts (miscellaneous), intergovernmental grants and disbursements and interfund. The School District receives a portion of a 0.5 percent sales tax levied by the County. The sales tax is allocated to the public schools based on a student count and is recorded as an intergovernmental revenue. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	Intergovernmental Receivable	Amounts
<b>Governmental Funds:</b>		
County Levied Sales Tax		\$1,011,551
Education Connectivity Grant		356,120
Foundation Settlement		295,047
American Rescue Plan Elementary and Secondary School Emergency Relief Funding		219,439
Medicaid Reimbursement		140,182
IDEA-B Grant		81,681
Title I-A Grant		50,249
Elementary and Secondary School Emergency Relief Funding		46,245
Title II-A Grant		16,947
Expanding Opportunities Grant		16,020
American Rescue Plan IDEA Part B Grant		8,417
American Rescue Plan Homeless Funding		6,025
<b>Total Governmental Funds</b>		<b>\$2,247,923</b>

**Cloverleaf Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

***Payments in Lieu of Taxes***

The School District is party to Tax Increment Financing (TIF) agreements. Municipalities, townships and counties can enter into TIF agreements, which lock in real property at its unimproved value for up to 30 years in a defined TIF district. Some TIF agreements also require the TIF government to allocate service payments to school districts and other governments to help offset the property taxes these governments would have received had the improvements to real property not been exempted. The service payments that the School District receives as part of the TIF agreements are presented on the financial statements as Payments in Lieu of Taxes.

**Note 12 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance 7/1/21	Additions	Deletions	Balance 6/30/22
<b>Governmental Activities</b>				
<b><i>Nondepreciable Capital Assets:</i></b>				
Land	\$593,900	\$0	\$0	\$593,900
Construction in Progress	2,637,240	10,546,086	(3,655,795)	9,527,531
<b><i>Total Nondepreciable Capital Assets</i></b>	<b><u>3,231,140</u></b>	<b><u>10,546,086</u></b>	<b><u>(3,655,795)</u></b>	<b><u>10,121,431</u></b>
<b><i>Depreciable Capital Assets:</i></b>				
Land Improvements	2,339,129	4,700	0	2,343,829
Buildings and Improvements	41,763,502	3,657,654	0	45,421,156
Furniture and Equipment	3,620,410	294,663	(1,930)	3,913,143
Vehicles	3,367,745	61,718	(15,681)	3,413,782
Intangible Right to Use Lease - Equipment	232,917	0	(232,917)	0
<b><i>Total Depreciable Capital Assets</i></b>	<b><u>51,323,703</u></b>	<b><u>4,018,735</u></b>	<b><u>(250,528)</u></b>	<b><u>55,091,910</u></b>
<b><i>Less Accumulated Depreciation:</i></b>				
Land Improvements	(1,830,598)	(55,873)	0	(1,886,471)
Buildings and Improvements	(13,835,349)	(797,600)	0	(14,632,949)
Furniture and Equipment	(1,781,403)	(218,835)	0	(2,000,238)
Vehicles	(1,754,581)	(194,390)	14,113	(1,934,858)
Intangible Right to Use Lease - Equipment	(186,334)	0	186,334	0
<b><i>Total Accumulated Depreciation</i></b>	<b><u>(19,388,265)</u></b>	<b><u>(1,266,698) *</u></b>	<b><u>200,447</u></b>	<b><u>(20,454,516)</u></b>
<b><i>Total Depreciable Capital Assets, Net</i></b>	<b><u>31,935,438</u></b>	<b><u>2,752,037</u></b>	<b><u>(50,081)</u></b>	<b><u>34,637,394</u></b>
<b><i>Total Governmental Capital Assets, Net</i></b>	<b><u>\$35,166,578</u></b>	<b><u>\$13,298,123</u></b>	<b><u>(\$3,705,876)</u></b>	<b><u>\$44,758,825</u></b>

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\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$736,712
Special	1,392
Vocational	407
Support Services:	
Instructional Staff	9,379
Administration	1,694
Fiscal	1,002
Operation and Maintenance of Plant	42,642
Pupil Transportation	213,691
Central	410
Food Service Operations	19,077
Community Services	124,219
Extracurricular Activities	116,073
Total Depreciation Expense	\$1,266,698

**Note 13 – Long-Term Obligations**

The original issue date, interest rate, original issue amount and date of maturity of each of the School District’s long-term obligations is as follows:

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<i><b>Certificates of Participation:</b></i>			
2014 Refunding Certificates of Participation	2.00 - 4.00%	\$23,370,000	March 1, 2038
2020A Refunding Certificates of Participation	0.739 - 2.943	26,510,000	March 1, 2038
2020B Certificates of Participation	1.10 - 4.00	1,500,000	March 1, 2035
2021 Certificates of Participation	2.375 - 4.00	36,800,000	December 1, 2050

The changes in the School District’s long-term obligations during the year consist of the following:

	Principal Outstanding 7/1/21	Additions	Reductions	Principal Outstanding 6/30/22	Amount Due in One Year
<i><b>Certificates of Participation:</b></i>					
2014 Refunding Certificates of Participation:					
Serial Certificates	\$90,000	\$0	(\$90,000)	\$0	\$0
Discount	(12,209)	0	12,209	0	0
2020A Refunding Certificates of Participation:					
Serial Certificates	18,930,000	0	(715,000)	18,215,000	885,000
Term Certificates	7,455,000	0	0	7,455,000	0
2020B Certificates of Participation:					
Serial Certificates	350,000	0	(85,000)	265,000	85,000
Term Certificates	1,045,000	0	0	1,045,000	0
Premium	30,021	0	(1,801)	28,220	0
2021 Certificates of Participation:					
Serial Certificates	24,900,000	0	(2,565,000)	22,335,000	2,485,000
Term Certificates	11,900,000	0	0	11,900,000	0
Premium	3,017,967	0	(100,599)	2,917,368	0
<i>Total Certificates of Participation</i>	\$67,705,779	\$0	(\$3,545,191)	\$64,160,588	\$3,455,000

(continued)

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*Notes to the Basic Financial Statements*  
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	Principal Outstanding 7/1/21	Additions	Reductions	Principal Outstanding 6/30/22	Amount Due in One Year
<i>Other Long-Term Obligations (continued):</i>					
Net Pension Liability:					
SERS	\$8,469,073	\$0	(\$3,635,963)	\$4,833,110	\$0
STRS	26,056,335	0	(11,820,645)	14,235,690	0
Total Net Pension Liability	34,525,408	0	(15,456,608)	19,068,800	0
Net OPEB Liability - SERS	2,895,443	0	(335,968)	2,559,475	0
Lease	9,352	0	(9,352)	0	0
Compensated Absences	2,716,140	633,265	(346,252)	3,003,153	328,227
<i>Total Other Long-Term Obligations</i>	40,146,343	633,265	(16,148,180)	24,631,428	328,227
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	\$107,852,122	\$633,265	(\$19,693,371)	\$88,792,016	\$3,783,227

On July 29, 2014, the School District issued \$23,370,000 in refunding certificates of participation (COPs) for the purpose of refunding a portion of the 2009 COPs, which included \$2,420,000 in serial COPs and \$20,950,000 in term COPs. The COPs were issued for a 24 year period with final maturity in fiscal year 2038. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Ohio School Building Leasing Corporation, and then subleased back to the School District. The COPs were issued through a series of annual leases with an initial lease term of 5 years, which includes the right to renew for 24 successive one-year terms through fiscal year 2038 subject to annual appropriations. To satisfy the trustee agreements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 2 to 4 percent. The School District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture.

*Optional Redemption* The COPs maturing after March 1, 2023, are subject to prior redemption at the option of the Trustee, under the direction of the Board, either in whole or in part, in such order as the Trustee shall determine, under the direction of the Board, on any date on or after March 1, 2023, at 100 percent of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

*Mandatory Sinking Fund Redemption* The term COPs maturing on March 1, 2025, are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on March 1 in the years and in the respective principal amounts as follows:



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Year	Issue				
	\$2,235,000	\$2,460,000	\$2,965,000	\$3,620,000	\$9,670,000
2027	\$1,125,000	\$0	\$0	\$0	\$0
2029	0	1,180,000	0	0	0
2031	0	0	1,410,000	0	0
2033	0	0	0	1,720,000	0
2035	0	0	0	0	2,090,000
2036	0	0	0	0	2,295,000
2037	0	0	0	0	2,525,000
Total mandatory sinking fund payment	1,125,000	1,180,000	1,410,000	1,720,000	6,910,000
Amount due at stated maturity	1,110,000	1,280,000	1,555,000	1,900,000	2,760,000
<b>Total</b>	<b>\$2,235,000</b>	<b>\$2,460,000</b>	<b>\$2,965,000</b>	<b>\$3,620,000</b>	<b>\$9,670,000</b>
<i>Stated Maturity</i>	3/1/2028	3/1/2030	3/1/2032	3/1/2034	3/1/2038

The certificates of participation were sold at a discount of \$293,016. Net proceeds of \$22,812,270 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various COPs. As a result, \$21,815,000 of these COPs is considered defeased and the liability for the refunded portion of these COPs has been removed from the School District's financial statements. Accordingly, the trust account assets and liabilities for the defeased COPs are not included on the School District's financial statements. On June 30, 2022, \$21,815,000 of the defeased COPs are still outstanding.

On October 15, 2020, the School District issued \$26,510,000 in refunding certificates of participation (COPs) for the purpose of refunding the majority of the 2014 refunding COPs and the remaining 2017 refunding COPs, which included \$19,055,000 in serial COPs and \$7,455,000 in term COPs. The COPs were issued for an 18 year period with final maturity in fiscal year 2038. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Ohio School Building Leasing Corporation, and then subleased back to the School District. The COPs were issued through a series of annual leases with an initial lease term of 5 years, which includes the right to renew for 18 successive one-year terms through fiscal year 2038 subject to annual appropriations. To satisfy the trustee agreements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 0.739 to 2.943 percent. The School District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture.

*Optional Redemption* The COPs maturing after March 1, 2031, are subject to prior redemption, by and at the sole option of the School District, in whole or in part as selected by the School District, on any date on and after March 1, 2030, at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date.

*Mandatory Sinking Fund Redemption* The term COPs maturing on March 1, 2038, are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on March 1 in the years and in the respective principal amounts as follows:

Year	Issue
	\$7,455,000
2036	\$2,280,000
2037	2,485,000
Total mandatory sinking fund payment	4,765,000
Amount due at stated maturity	2,690,000
<b>Total</b>	<b>\$7,455,000</b>
<i>Stated Maturity</i>	3/1/2038

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Net proceeds of \$26,055,942 were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded COPs. As a result, \$24,810,000 of these COPs was considered defeased and the liability for the refunded COPs has been removed from the School District's financial statements. As of June 30, 2022, \$24,295,000 of the defeased COPs remain outstanding.

On October 15, 2020, the School District issued \$1,500,000 in certificates of participation (COPs) for the purpose of constructing, enlarging, furnishing, and equipping the School District's outdoor athletic facilities, which included \$455,000 in serial COPs and \$1,045,000 in term COPs. The COPs were issued for a 15 year period with final maturity in fiscal year 2035. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs have been designated to be "qualified tax exempt obligations" within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Ohio School Building Leasing Corporation, and then subleased back to the School District. The COPs were issued through a series of annual leases with an initial lease term of 5 years, which includes the right to renew for 15 successive one-year terms through fiscal year 2035 subject to annual appropriations. To satisfy the trustee agreements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 1.10 to 4.00 percent. The School District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture.

Optional Redemption The COPs maturing after March 1, 2031, are subject to prior redemption, by and at the sole option of the School District, in whole or in part as selected by the School District, on any date on and after March 1, 2030, at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date.

Mandatory Sinking Fund Redemption The term COPs maturing on March 1, 2028, March 1, 2031, and March 1, 2035 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on March 1 in the years and in the respective principal amounts as follows:

Year	Issue		
	\$300,000	\$305,000	\$440,000
2026	\$100,000	\$0	\$0
2027	100,000	0	0
2029	0	100,000	0
2030	0	100,000	0
2032	0	0	105,000
2033	0	0	110,000
2034	0	0	110,000
Total mandatory sinking fund payment	200,000	200,000	325,000
Amount due at stated maturity	100,000	105,000	115,000
Total	\$300,000	\$305,000	\$440,000
<i>Stated Maturity</i>	3/1/2028	3/1/2031	3/1/2035

On April 13, 2021, the School District issued \$36,800,000 in certificates of participation (COPs) for the purpose of constructing, enlarging, furnishing, and equipping the School District's high school facilities, which included \$24,900,000 in serial COPs and \$11,900,000 in term COPs. The COPs were issued for a 30 year period with final maturity in fiscal year 2051. The COPs were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPs

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have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to the Ohio School Building Leasing Corporation, and then subleased back to the School District. The COPs were issued through a series of annual leases with an initial lease term of 5 years, which includes the right to renew for 30 successive one-year terms through fiscal year 2051 subject to annual appropriations. To satisfy the trustee agreements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 2.375 to 4.00 percent. The School District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture.

Optional Redemption The COPs maturing on or after December 1, 2031, including by mandatory redemption, are subject to prior redemption, by and at the sole option of the School District, in whole or in part as selected by the School District, on any date on and after December 1, 2030, at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date; provided, however, that no subordinate certificates may be redeemed except with the proceeds of a series of additional certificates and/or fund received as a result of State reimbursement in connection with the construction project.

Mandatory Sinking Fund Redemption The term COPs maturing on December 1, 2038, December 1, 2040, December 1, 2045, and December 1, 2050 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on March 1 in the years and in the respective principal amounts as follows:

Year	Issue			
	\$2,395,000	\$2,200,000	\$4,485,000	\$2,820,000
2037	\$1,220,000	\$0	\$0	\$0
2039	0	1,125,000	0	0
2041	0	0	1,020,000	0
2042	0	0	960,000	0
2043	0	0	900,000	0
2044	0	0	835,000	0
2046	0	0	0	700,000
2047	0	0	0	635,000
2048	0	0	0	565,000
2049	0	0	0	495,000
Total mandatory sinking fund payment	1,220,000	1,125,000	3,715,000	2,395,000
Amount due at stated maturity	1,175,000	1,075,000	770,000	425,000
Total	<u>\$2,395,000</u>	<u>\$2,200,000</u>	<u>\$4,485,000</u>	<u>\$2,820,000</u>
<i>Stated Maturity</i>	12/1/2038	12/1/2040	12/1/2045	12/1/2050

The School District has an outstanding agreement to lease district-wide copiers. Due to the implementation of GASB Statement 87, this lease has met the criteria of leases thus requiring it to be recorded by the School District. The future lease payments were discounted based on the interest rate implicit in the lease.

The COPs will be paid from the capital projects fund and capital grants fund. There is no repayment schedule for the net pension/OPEB liabilities; however, employer pension/OPEB contributions are made from the general fund and the food service, athletics and music, and elementary and secondary school emergency relief special revenue funds. For additional information related to the net pension and net OPEB liabilities, see Notes 22 and 23. The lease will be paid from the general fund. The compensated absences liability will be paid from the general fund and the food service, elementary and secondary school emergency relief, title VI-B, and title I special revenue funds.

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The School District's overall debt margin was \$62,178,191 with an unvoted debt margin of \$690,867 at June 30, 2022. Principal and interest requirements to retire outstanding long-term obligations at June 30, 2022, are as follows:

Fiscal Year	Certificates of Participation			
	Serial		Term	
	Principal	Interest	Principal	Interest
2023	\$3,455,000	\$1,629,568	\$0	\$0
2024	3,230,000	1,547,914	0	0
2025	2,570,000	1,479,952	0	0
2026	2,565,000	1,402,144	100,000	18,750
2027	2,635,000	1,336,305	100,000	17,650
2028-2032	13,765,000	5,520,042	510,000	66,250
2033-2037	12,595,000	3,030,917	5,100,000	386,045
2038-2042	0	0	8,305,000	1,220,573
2043-2047	0	0	4,165,000	500,797
2048-2051	0	0	2,120,000	97,250
Total	<u>\$40,815,000</u>	<u>\$15,946,842</u>	<u>\$20,400,000</u>	<u>\$2,307,315</u>

**Note 14 – Other Employee Benefits**

***Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Twelve month classified employees can earn up to twenty-five days of vacation per year, but cannot accumulate more than forty days. Twelve month administrators earn twenty days of vacation per year. Only twenty days of vacation can be carried over to the next year. Accumulated unused vacation time is paid to twelve month classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated with no maximums for certified staff, classified staff and administrators. Upon retirement, the School District, will issue payment for up to a maximum as identified within the negotiated agreements. Classified employees with the School District receive payment for up to a maximum of eighty-five days computed according to negotiated agreements.

Administrators earn sick leave at the rate of one and one-fourth days per month. Upon termination, administrators will receive thirty percent of all accumulated sick leave and unused personal days up to three hundred days at the time of retirement. An employee receiving such payment must meet the retirement provisions set by STRS Ohio or SERS.

Employees may earn up to a maximum of three days of personal leave per year. Personal leave may not be accumulated. Unused personal leave becomes sick leave at the conclusion of the contract year.

***Health Insurance Benefits***

The School District has contracted with Stark County Schools Council of Governments to provide medical/surgical, dental, life insurance and accidental death and dismemberment insurance for its employees and their covered dependents. The Stark County Schools Council of Governments is a shared risk pool composed of over 170 members. The school districts pay monthly contributions that are placed in a common fund from which eligible claims and expenses are paid for employees of participating school districts and their covered dependents. Claims are paid for all participants regardless of claims flow.

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Premium contributions are determined annually based on the claims experience of the individual school district. Premiums can be increased or decreased by up to 20 percent of the prior year’s contribution. Member school districts may become liable for additional contributions to fund the liability of the pool. In the event of termination, all participating Districts’ claims would be paid without regard to their individual account balances. The Stark County Schools Council of Governments’ Board of Directors has authority to return monies to an existing school district subsequent to the settlement of all claims and expenses.

**Note 15 – Risk Management**

***Property and Liability***

The School District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2022, the School District contracted with Hylant Administrative Services, LLC through the Ohio School Plan as follows:

Type of Coverage	Coverage Amount
Property	\$101,998,457
Accounts Receivable	\$100,000
Business Interruption	250,000
Flood and Earthquake	2,000,000
Extra Expenses	1,000,000
Employee Theft	100,000
Forgery	100,000
Computer Fraud	100,000
Funds Transfer Fraud	100,000
Theft of Monies	50,000
Social Engineering Fraud	25,000
General Liability	6,000,000
Employers Liability	6,000,000
Fiduciary Liability	6,000,000
Educational Legal Liability	6,000,000
Fleet	6,000,000
Violence Coverage	1,000,000

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

***Workers’ Compensation***

During fiscal year 2022, the School District was a member of the Comp Management Workers’ Compensation Group Rating Program established in April of 1991. The program was created by the Ohio School Boards Association as a result of the Workers’ Compensation group rating plan as defined in Section 4123.29 of the Ohio Revised Code. The group rating program allows school districts to group together to potentially achieve a lower premium rate than they might otherwise be able to acquire as individual employers.

**Cloverleaf Local School District**  
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**Note 16 – Contingencies**

***Grants***

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2022, if applicable, cannot be determined at this time.

***School Foundation***

In fiscal year 2022, School District foundation funding was based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, all ODE adjustments for fiscal year 2022 are finalized.

***Litigation***

The Cloverleaf Local School District is not party to legal proceedings.

**Note 17 – Jointly Governed Organizations**

***Northeast Ohio Network for Educational Technology***

The Northeast Ohio Network for Educational Technology (NEOnet) is the computer service organization or Data Acquisition Site (DAS) used by the School District. NEOnet is a jointly governed organization among twenty-seven school districts. The Summit County Educational Service Center acts as the fiscal agent for the consortium. 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 school districts. The Board of Directors consists of member district superintendents and treasurers. The manager/director is a permanent, non-voting member of the board of directors. Each school district's control is limited to its representation on the board. The Board of Directors exercise total control over the operations of the association including budgeting, appropriating, contracting and designating management. All association revenues are generated from charges for services and State funding. The School District does not retain an ongoing financial interest or an ongoing financial responsibility in NEOnet. Payments to NEOnet are made from the general fund. In fiscal year 2022, the School District paid \$97,815 to NEOnet. Financial information can be obtained by writing to the NEOnet, 700 Graham Road, Cuyahoga Falls, Ohio 44221.

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***Medina County Career Center***

The Medina County Career Center (Center) is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each participating School District's elected board, which possesses its own budgeting and taxing authority. The Center's Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board. Accordingly, the Center is not part of the School District and its operations are not included as part of the reporting entity. The Center offers vocational education for several school districts including Cloverleaf Local School District. Financial information can be obtained by contacting the Treasurer, Aaron Butts, at the Medina County Career Center, 1101 West Liberty Street, Medina, Ohio 44256.

***Ohio Schools Council***

The Ohio Schools Council (Council) is a jointly governed organization among 254 members. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Council's Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2022, the School District paid \$4,219 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

**Note 18 – Public Entity Risk Pools**

***Stark County Schools Council of Governments***

The Stark County Schools Council of Governments (Council) is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. The Council has a Health Benefits Program which is a shared risk pool comprised of over 170 entities, most of which are school districts.

***Comp Management Workers' Compensation Group Rating Program***

The School District participates in the Comp Management Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

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***Ohio School Plan***

The Ohio School Plan (Plan) is a shared liability, property and fleet insurance risk pool which is governed by a board of thirteen school superintendents, business managers and treasurers. OSBA, BASA and OASBO executive directors serve as ex-officio members. Approximately 303 educational entities are members of the Plan. The Plan's board elects officers for two year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Plan. All Plan revenues are generated from charges for services. For more information write to the Ohio School Plan, Hylant Administrative Services, 811 Madison Avenue, Toledo, Ohio 43604.

**Note 19 – Set-Asides**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the year must be held in cash at fiscal 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 fiscal year end set-aside amounts for capital acquisitions. Disclosure of this information is required by State statute.

	<u>Capital Improvement</u>
Set-aside Balances as of June 30, 2021	\$0
Current Year Set-aside Requirement	427,654
Offsets	<u>(937,638)</u>
Totals	<u>(\$509,984)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$0</u>
Set-aside Balance as of June 30, 2022	<u>\$0</u>

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.



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**Note 20 – Interfund Transactions**

***Interfund Balances***

Interfund balances at June 30, 2022, consisted of the following:

Interfund Payable	Interfund Receivable General
<b><i>Special Revenue Funds:</i></b>	
Athletics and Music	\$479
Elementary and Secondary School Emergency Relief	127,497
Title VI-B	16,988
Title I	26,123
Reducing Class Size	3,389
Miscellaneous Federal Grants	355,157
Total Special Revenue Funds	529,633
<b><i>Capital Projects Fund:</i></b>	
Permanent Improvement	837,226
Total	\$1,366,859

The interfund payables in the special revenue funds and permanent improvement capital projects fund are due to the timing of the receipt of grant monies received and to pay off debt, respectively. All balances are expected to be paid next fiscal year.

***Interfund Transfers***

The School District had the following transfers during fiscal year 2022:

Transfers To	Transfers From		Total
	General	Permanent Improvement Fund	
<b><i>Governmental Funds:</i></b>			
Capital Projects	\$7,213,742	\$0	\$7,213,742
Capital Grants	0	76,793	76,793
Other Governmental Funds	89,526	0	89,526
Total	\$7,303,268	\$76,793	\$7,380,061

The transfers from the general fund to other governmental funds were to help operate various student activities, capital improvements, and debt obligations. The transfer from the permanent improvement fund to the capital grants and other governmental funds was to help meet debt obligations and pay for permanent improvements projects.

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**Note 21 – Encumbrances**

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

General	\$210,661
Permanent Improvement	112,206
Building	32,844,570
Capital Projects	8,619,049
Other Governmental Funds	<u>754,320</u>
Total	<u><u>\$42,540,806</u></u>

**Note 22 – Defined Benefit Pension Plans**

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

***Net Pension Liability/Net OPEB Liability (Asset)***

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also include 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,

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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 health care to eligible benefit recipients.

The proportionate share of each plan’s unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 23 for the required OPEB disclosures.

***School Employees Retirement System (SERS)***

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

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

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

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

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Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary, and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$695,102 for fiscal year 2022. Of this amount \$64,944 is reported as an intergovernmental payable.

***State Teachers Retirement System (STRS)***

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee 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 Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be 5 years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be 5 years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the

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defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 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. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$2,010,844 for fiscal year 2022. Of this amount \$368,132 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.13098890%	0.11133900%	
Prior Measurement Date	<u>0.12804360%</u>	<u>0.10768664%</u>	
Change in Proportionate Share	<u>0.00294530%</u>	<u>0.00365236%</u>	
Proportionate Share of the Net Pension Liability	\$4,833,110	\$14,235,690	\$19,068,800
Pension Expense	(\$237,667)	\$218,752	(\$18,915)

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At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$466	\$439,814	\$440,280
Changes of assumptions	101,771	3,949,236	4,051,007
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	112,404	820,590	932,994
School District contributions subsequent to the measurement date	<u>695,102</u>	<u>2,010,844</u>	<u>2,705,946</u>
Total Deferred Outflows of Resources	<u><u>\$909,743</u></u>	<u><u>\$7,220,484</u></u>	<u><u>\$8,130,227</u></u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$125,342	\$89,228	\$214,570
Net difference between projected and actual earnings on pension plan investments	2,489,193	12,268,442	14,757,635
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>59,957</u>	<u>31,200</u>	<u>91,157</u>
Total Deferred Inflows of Resources	<u><u>\$2,674,492</u></u>	<u><u>\$12,388,870</u></u>	<u><u>\$15,063,362</u></u>

\$2,705,946 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2023	(\$602,156)	(\$1,716,386)	(\$2,318,542)
2024	(501,824)	(1,467,254)	(1,969,078)
2025	(591,840)	(1,705,525)	(2,297,365)
2026	<u>(764,031)</u>	<u>(2,290,065)</u>	<u>(3,054,096)</u>
Total	<u><u>(\$2,459,851)</u></u>	<u><u>(\$7,179,230)</u></u>	<u><u>(\$9,639,081)</u></u>

***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.

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, compared with June 30, 2020, are presented as follows:

	June 30, 2021	June 30, 2020
Inflation	2.4 percent	3.00 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 percent to 13.58 percent 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	3.50 percent to 18.20 percent 2.5 percent
Investment Rate of Return	7.00 percent net of System expenses	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

The most recent experience study was completed for the five year period ended June 30, 2020.

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

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	<u>100.00 %</u>	

**Discount Rate** The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$8,041,109	\$4,833,110	\$2,127,665

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented as follows:

	June 30, 2021	June 30, 2020
Inflation	2.50 percent	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.45 percent
Payroll Increases	3.00 percent	3.00 percent
Cost of Living Adjustments (COLA)	0.0 percent	0.0 percent



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

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

Asset Class	Target Allocation	Long-Term Expected 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 annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and are net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

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	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$26,658,123	\$14,235,690	\$3,738,764

***Changes Between the Measurement Date and the Reporting Date*** In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time 3 percent cost of living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

**Note 23 – Defined Benefit OPEB Plans**

See Note 22 for a description of the net OPEB liability (asset).

***School Employees Retirement System (SERS)***

**Health Care Plan Description** – The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS’ Health Care Plan provides health care 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. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS’ health care coverage. Most retirees and dependents choosing SERS’ health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report, which can be obtained on SERS’ website at [www.ohsers.org](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.

**Funding Policy** – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than

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an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the School District’s surcharge obligation was \$90,758.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District’s contractually required contribution to SERS was \$90,758 for fiscal year 2022, which is reported as an intergovernmental payable.

***State Teachers Retirement System (STRS)***

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS, which can be obtained by visiting [www.strsoh.org](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. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to postemployment health care.

***OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.13523710%	0.11133900%	
Prior Measurement Date	0.13322620%	0.10768664%	
Change in Proportionate Share	0.00201090%	0.00365236%	
Proportionate Share of the:			
Net OPEB Liability	\$2,559,475	\$0	\$2,559,475
Net OPEB (Asset)	\$0	(\$2,347,492)	(\$2,347,492)
OPEB Expense	(\$23,268)	(\$148,361)	(\$171,629)

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At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$27,282	\$83,587	\$110,869
Changes of assumptions	401,521	149,948	551,469
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	141,163	52,447	193,610
School District contributions subsequent to the measurement date	90,758	0	90,758
Total Deferred Outflows of Resources	\$660,724	\$285,982	\$946,706
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$1,274,733	\$430,102	\$1,704,835
Changes of assumptions	350,498	1,400,450	1,750,948
Net difference between projected and actual earnings on OPEB plan investments	55,605	650,684	706,289
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	178,963	123	179,086
Total Deferred Inflows of Resources	\$1,859,799	\$2,481,359	\$4,341,158

\$90,758 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	(\$283,982)	(\$625,594)	(\$909,576)
2024	(284,372)	(609,311)	(893,683)
2025	(305,796)	(600,644)	(906,440)
2026	(261,576)	(270,129)	(531,705)
2027	(121,497)	(92,141)	(213,638)
Thereafter	(32,610)	2,442	(30,168)
Total	(\$1,289,833)	(\$2,195,377)	(\$3,485,210)

***Actuarial Assumptions – SERS***

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021, compared with June 30, 2020, are presented as follows:

	June 30, 2021	June 30, 2020
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	1.92 percent	2.45 percent
Prior Measurement Date	2.45 percent	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:		
Measurement Date	2.27 percent	2.63 percent
Prior Measurement Date	2.63 percent	3.22 percent
Medical Trend Assumption:		
Medicare	5.125 to 4.40 percent	5.25 to 4.75 percent
Pre-Medicare	6.75 to 4.40 percent	7.00 to 4.75 percent

For 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

For 2020, mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2020.

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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 2015 through 2020, and was adopted by the Board in 2021. 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, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans, which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 22.

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2021, was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020, and the June 30, 2021, total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021, and 2.45 percent at June 30, 2020.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the School District's proportionate share of the net OPEB liability for SERS, what the School District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27 percent) and higher (3.27 percent) than the current discount rate (2.27 percent). Also shown is what the School District's proportionate share of the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate.

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
School District's proportionate share of the net OPEB liability	\$3,171,497	\$2,559,475	\$2,070,545
	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$1,970,584	\$2,559,475	\$3,346,047

**Cloverleaf Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

***Actuarial Assumptions – STRS***

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020, actuarial valuation are presented as follows:

	June 30, 2021	June 30, 2020
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends:		
Medical:		
Pre-Medicare	5.00 percent initial, 4 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug:		
Pre-Medicare	6.50 percent initial, 4 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	29.98 initial, 4 percent ultimate	11.87 initial, 4 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 22.

***Discount Rate*** The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021.

**Cloverleaf Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2022*

***Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rates*** The following table represents the School District's proportionate share of the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the School District's proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the School District's proportionate share of the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$1,980,920)	(\$2,347,492)	(\$2,653,707)

  

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$2,641,300)	(\$2,347,492)	(\$1,984,171)

***Changes Between the Measurement Date and the Reporting Date*** In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability (asset) is unknown.

**Note 24 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2022, the School District received COVID-19 funding. The School District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

**Note 25 – Subsequent Events**

On November 8, 2022, voters passed the School District's Issue 4 ten-year renewal levy, which will raise \$2.8 million annually.

On December 1, 2022, the School District issued \$21,000,000 in certificates of participation (COPs) for the purpose of constructing, improving, and furnishing and equipping of middle school facilities, athletic facilities, and Board offices. The COPs have an interest rate of 5.125 percent to 6 percent and have a maturity date of December 1, 2052.



**Required Supplementary Information**

**Cloverleaf Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*School Employees Retirement System of Ohio*  
*Last Nine Fiscal Years (1) \**

	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.13098890%	0.12804360%	0.13259678%
School District's Proportionate Share of the Net Pension Liability	\$4,833,110	\$8,469,073	\$7,933,499
School District's Covered Payroll	\$4,534,471	\$4,537,329	\$4,610,200
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	106.59%	186.65%	172.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.14100880%	0.13029680%	0.13099830%	0.12603560%	0.12526200%	0.12526200%
\$8,075,836	\$7,784,946	\$9,587,867	\$7,191,714	\$6,339,439	\$7,448,930
\$4,450,896	\$4,230,441	\$3,978,730	\$3,802,210	\$3,660,519	\$3,630,007
181.44%	184.02%	240.98%	189.15%	173.18%	205.20%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

**Cloverleaf Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability*  
*School Employees Retirement System of Ohio*  
*Last Six Fiscal Years (1) \**

	2022	2021	2020
School District's Proportion of the Net OPEB Liability	0.13523710%	0.13322620%	0.13596920%
School District's Proportionate Share of the Net OPEB Liability	\$2,559,475	\$2,895,443	\$3,419,339
School District's Covered Payroll	\$4,534,471	\$4,537,329	\$4,610,200
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	56.44%	63.81%	74.17%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information

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2019	2018	2017
0.14257490%	0.13198140%	0.13269730%
\$3,955,413	\$3,542,034	\$3,782,364
\$4,450,896	\$4,230,441	\$3,978,730
88.87%	83.73%	95.06%
13.57%	12.46%	11.49%

**Cloverleaf Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*State Teachers Retirement System of Ohio*  
*Last Nine Fiscal Years (1) \**

	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.11133900%	0.10768664%	0.10779168%
School District's Proportionate Share of the Net Pension Liability	\$14,235,690	\$26,056,335	\$23,837,482
School District's Covered Payroll	\$13,714,171	\$13,214,457	\$12,761,057
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	103.80%	197.18%	186.80%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.10511662%	0.10300980%	0.10282657%	0.10370300%	0.10366087%	0.10366087%
\$23,112,784	\$24,470,198	\$34,419,152	\$28,660,476	\$25,213,911	\$30,034,646
\$11,912,207	\$11,576,511	\$11,506,500	\$10,852,907	\$12,028,185	\$11,350,554
194.03%	211.38%	299.13%	264.08%	209.62%	264.61%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

**Cloverleaf Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)*  
*State Teachers Retirement System of Ohio*  
*Last Six Fiscal Years (1) \**

	2022	2021	2020
School District's Proportion of the Net OPEB Liability (Asset)	0.11133900%	0.10768664%	0.10779168%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$2,347,492)	(\$1,892,590)	(\$1,785,289)
School District's Covered Payroll	\$13,714,171	\$13,214,457	\$12,761,057
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	0.00%	(14.32%)	(13.99%)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	182.10%	174.70%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information



2019	2018	2017
0.10511662%	0.10300980%	0.10282657%
(\$1,689,117)	\$4,019,063	\$5,499,192
\$11,912,207	\$11,576,511	\$11,506,500
(14.18%)	34.72%	47.79%
176.00%	47.10%	37.30%

**Cloverleaf Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions*  
*School Employees Retirement System of Ohio*  
*Last Ten Fiscal Years*

	2022	2021	2020	2019
<b>Net Pension Liability:</b>				
Contractually Required Contribution	\$695,102	\$634,826	\$635,226	\$622,377
Contributions in Relation to the Contractually Required Contribution	(695,102)	(634,826)	(635,226)	(622,377)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0
School District Covered Payroll (1)	\$4,965,014	\$4,534,471	\$4,537,329	\$4,610,200
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.50%
<b>Net OPEB Liability:</b>				
Contractually Required Contribution (2)	\$90,758	\$87,664	\$87,269	\$106,434
Contributions in Relation to the Contractually Required Contribution	(90,758)	(87,664)	(87,269)	(106,434)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0
OPEB Contributions as a Percentage of Covered Payroll	1.83%	1.93%	1.92%	2.31%
Total Contributions as a Percentage of Covered Payroll (2)	15.83%	15.93%	15.92%	15.81%

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014	2013
\$600,871	\$592,262	\$557,022	\$501,132	\$507,348	\$502,393
(600,871)	(592,262)	(557,022)	(501,132)	(507,348)	(502,393)
\$0	\$0	\$0	\$0	\$0	\$0
\$4,450,896	\$4,230,441	\$3,978,730	\$3,802,210	\$3,660,519	\$3,630,007
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%
\$97,155	\$70,824	\$66,909	\$97,232	\$67,895	\$65,954
(97,155)	(70,824)	(66,909)	(97,232)	(67,895)	(65,954)
\$0	\$0	\$0	\$0	\$0	\$0
2.18%	1.67%	1.68%	2.56%	1.85%	1.82%
15.68%	15.67%	15.68%	15.74%	15.71%	15.66%

**Cloverleaf Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions*  
*State Teachers Retirement System of Ohio*  
*Last Ten Fiscal Years*

	2022	2021	2020	2019
<b>Net Pension Liability:</b>				
Contractually Required Contribution	\$2,010,844	\$1,919,984	\$1,850,024	\$1,786,548
Contributions in Relation to the Contractually Required Contribution	<u>(2,010,844)</u>	<u>(1,919,984)</u>	<u>(1,850,024)</u>	<u>(1,786,548)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$14,363,171	\$13,714,171	\$13,214,457	\$12,761,057
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability (Asset):</b>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014	2013
\$1,667,709	\$1,620,712	\$1,610,910	\$1,519,407	\$1,563,664	\$1,475,572
(1,667,709)	(1,620,712)	(1,610,910)	(1,519,407)	(1,563,664)	(1,475,572)
\$0	\$0	\$0	\$0	\$0	\$0
\$11,912,207	\$11,576,511	\$11,506,500	\$10,852,907	\$12,028,185	\$11,350,554
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%
\$0	\$0	\$0	\$0	\$120,282	\$113,506
0	0	0	0	(120,282)	(113,506)
\$0	\$0	\$0	\$0	\$0	\$0
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

**Cloverleaf Local School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2022*

**Net Pension Liability**

**Changes in Assumptions – SERS**

Beginning in fiscal year 2022, an assumption of 2.0 percent was used for COLA or Ad Hoc Cola. For fiscal years 2018 through 2021, an assumption of 2.5 percent was used. Prior to 2018, an assumption of 3 percent was used.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented as follows:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Amounts reported for 2022 use mortality rates based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

**Changes in Assumptions – STRS**

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented as follows:

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost of Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

**Cloverleaf Local School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2022*

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

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

***Net OPEB Liability (Asset)***

**Changes in Assumptions – SERS**

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented as follows:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

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

Municipal Bond Index Rate:	
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

**Cloverleaf Local School District**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2022*

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**Changes in Assumptions – STRS**

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

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

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

**Changes in Benefit Terms – STRS**

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

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

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

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

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.



**CLOVERLEAF LOCAL SCHOOL DISTRICT  
MEDINA COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2022**

<b>Federal Grantor/ Pass Through Grantor / Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Receipts</b>	<b>Expenditures</b>
<b><u>U.S. FEDERAL COMMUNICATIONS COMMISSION</u></b>			
<i>Direct Program</i>			
COVID-19 Emergency Connectivity Fund Program	32.009	\$ -	\$ 335,157
<b>Total U.S. Federal Communications Commission</b>		<b>-</b>	<b>335,157</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed Through the Ohio Department of Education:</i>			
<u>Special Education Cluster:</u>			
Special Education - Grants to States	84.027	407,453	423,789
		93,421	72,919
COVID-19 Special Education - Grants to States		10,515	11,166
Total Special Education -Grants to States		511,389	507,874
Special Education - Preschool Grants	84.173	13,606	13,606
COVID-19 Special Education - Preschool Grants		8,440	8,440
Total Special Education - Preschool Grants		22,046	22,046
<b>Total Special Education Cluster</b>		<b>533,435</b>	<b>529,920</b>
Title I Grants to Local Educational Agencies	84.010	197,485	207,588
		-	16,020
		81,321	71,362
<b>Total Title I Grants to Local Educational Agencies</b>		<b>278,806</b>	<b>294,970</b>
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	48,954	52,343
		7,859	4,657
<b>Total Supporting Effective Instruction State Grants</b>		<b>56,813</b>	<b>57,000</b>
Student Support and Academic Enrichment Program	84.424	22,224	22,224
<b>Total Student Support and Academic Enrichment Program</b>		<b>22,224</b>	<b>22,224</b>
COVID-19 Education Stabilization Fund	84.425D	342	342
		653,551	668,116
	84.425U	510,652	623,583
<b>Total Education Stabilization Fund</b>		<b>1,164,545</b>	<b>1,292,041</b>
<b>Total U.S. Department of Education</b>		<b>2,055,823</b>	<b>2,196,155</b>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
<i>Passed Through the Ohio Department of Public Safety:</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	82,154	43,435
<b>Total U.S. Department of Homeland Security</b>		<b>82,154</b>	<b>43,435</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through the Ohio Department of Education:</i>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program	10.553	327,231	327,231
National School Lunch Program	10.555	1,082,785	654,436
COVID-19 National School Lunch Program		6,155	6,155
COVID-19 National School Lunch Program		43,149	43,149
Non-Cash Assistance		106,979	106,979
Total National School Lunch Program		1,239,068	810,719
<b>Total Child Nutrition Cluster</b>		<b>1,566,299</b>	<b>1,137,950</b>
COVID-19 State Pandemic Electronic Benefit Transfer Administrative Costs	10.649	614	614
<b>Total U.S. Department of Agriculture</b>		<b>1,566,913</b>	<b>1,138,564</b>
<b>Totals</b>		<b>\$ 3,704,890</b>	<b>\$ 3,713,311</b>

The accompanying notes are an integral part of this schedule.

**CLOVERLEAF LOCAL SCHOOL DISTRICT  
MEDINA COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) includes the federal award activity of Cloverleaf Local School District (the District) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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



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

Cloverleaf Local School District  
Medina County  
8525 Friendsville Road  
Lodi, Ohio 44254

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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Cloverleaf Local School, Medina County, Ohio (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 17, 2023, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001 that we consider to be a material weakness.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***District's Response to Finding***

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and or corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***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 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 17, 2023

# OHIO AUDITOR OF STATE KEITH FABER



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

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

Cloverleaf Local School District  
Medina County  
8525 Friendsville Road  
Lodi, Ohio 44254

To the Board of Education:

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

We have audited Cloverleaf Local School District's, Medina County, Ohio, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Cloverleaf Local School District's major federal program for the year ended June 30, 2022. Cloverleaf Local School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Cloverleaf Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

#### ***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

The District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 17, 2023

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**CLOVERLEAF LOCAL SCHOOL DISTRICT  
MEDINA COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2022**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Education Stabilization Fund, AL 84.425
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

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

**FINDING NUMBER 2022-001**

**Material Weakness – Financial Statement Errors**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Due to lack of internal controls, the following material financial statement errors were identified and adjusted to the financial statements as approved by management:

- Capital Projects fund contracts payable was overstated by \$412,469 and capital outlay was overstated by the same amount due to amounts improperly included as payable at fiscal year-end.
- Building Fund contracts payable was overstated by \$1,761,785 and capital outlay was overstated by the same amount due to \$62,660 improperly excluded as payable at fiscal year-end, and \$1,824,445 improperly included as payable at fiscal year-end.
- Governmental Activities contracts payable was overstated by \$2,174,254, depreciable capital assets were overstated by \$2,223,885 and related expenses were understated by \$49,631.

Additionally, immaterial errors ranging from \$3,629 - \$21,621 were identified and adjusted to the financial statements as approved by management.

Failure to properly record transactions in the accounting records and of management to review the draft journal entries and financial statements hinders management's ability to monitor financial performance and may result in financial statement errors.

The District should exercise due care when posting transactions to help ensure the transactions are correct and posted to the proper funds and accounts. Management should also review the draft journal entries and financial statements to help ensure they are supported by sufficient documentation, reconciled to the trial balances, free of obvious errors and omissions, and consistent with their financial expectations. These procedures should help avoid financial statement errors and help ensure more accurate financial reporting.

**Officials' Response:** See the Corrective Action Plan.

**3. FINDINGS FOR FEDERAL AWARDS**

None



## Cloverleaf Local Schools

8525 Friendsville Road  
Lodi, Ohio 44254  
Telephone: (330) 948-2500  
Fax: (330) 948-1034

**Daryl Kubilus, Jr.**  
Superintendent

**Adam Lewis**  
Director of Curriculum and Instruction

**Jim Hudson**  
Treasurer

### **CORRECTIVE ACTION PLAN** **2 CFR § 200.511(c)** **June 30, 2022**

**Finding Number:** 2022-001

**Planned Corrective Action:** Cloverleaf Local Schools will ensure that transactions are accounted for in the correct fiscal year.

**Anticipated Completion Date:** 05/01/2023

**Responsible Contact Person:** James Hudson

  
Jim Hudson  
Treasurer

# OHIO AUDITOR OF STATE KEITH FABER



**CLOVERLEAF LOCAL SCHOOL DISTRICT**

**MEDINA 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 3/30/2023**

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)