



OHIO AUDITOR OF STATE  
**KEITH FABER**





**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY  
JUNE 30, 2022**

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BUTLER COUNTY  
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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Edgewood City School District  
Butler County  
3500 Busenbark Road  
Trenton, Ohio 45067

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 the Edgewood City School District, Butler County, Ohio (School District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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 the Edgewood City School District, Butler County, Ohio as of June 30, 2022, and the respective changes in financial position 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 School 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 15 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding this matter.

#### **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 School 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 School 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 School 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 School District's basic financial statements. The Schedule of Expenditures of Federal Awards 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 Schedule of Expenditures of Federal Awards 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 16, 2023, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio  
March 16, 2023

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**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

The management's discussion and analysis of the Edgewood City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2022 are as follows:

- In total, net position of governmental activities increased \$3,354,851 which represents a 27.56% increase from 2021's net position.
- General revenues accounted for \$38,550,724 in revenue or 77.76% of all revenues. Program specific revenue in the form of charges for services and sales, grants and contributions accounted for \$11,028,823 or 22.24% of total revenues of \$49,579,547.
- The District had \$46,224,696 in expenses related to governmental activities; only \$11,028,823 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$38,550,724 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and debt service fund. The general fund had \$37,905,039 in revenues and other financing sources and \$38,723,037 in expenditures and other financing uses. During fiscal year 2022, the general fund's fund balance decreased \$817,998 from a fund balance of \$7,223,574 to a fund balance of \$6,405,576.
- Another District major governmental fund, the debt service fund, had \$3,024,848 in revenues and \$2,695,321 in expenditures. During fiscal year 2022, the debt service fund's fund balance increased \$329,527 from a balance of \$3,381,699 to a balance of \$3,711,226.

**Using the Basic Financial Statements**

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

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

**Reporting the District as a Whole**

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

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

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

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

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

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

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

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 12. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the debt service fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-23 of this report.

***Reporting the District's Fiduciary Responsibilities***

The District acts in a trustee capacity as an agent for individuals and private organizations. These activities are reported in a custodial fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 24-25. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-68 of this report.

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and the net OPEB liability/asset. The required supplementary information can be found on pages 70-88 of this report.

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole. 2021 amounts were restated in the table below due to the implementation of GASB Statement No. 87 (see Note 3.A for detail). The table below provides a summary of the District's net position for June 30, 2022 and June 30, 2021.

	<b>Net Position</b>	
	Governmental	(Restated) Governmental
	Activities 2022	Activities 2021
<b><u>Assets</u></b>		
Current and other assets	\$ 37,415,087	\$ 37,509,562
Net OPEB asset	3,082,277	2,572,700
Capital assets, net	<u>43,666,767</u>	<u>45,813,951</u>
Total assets	<u>84,164,131</u>	<u>85,896,213</u>
<b><u>Deferred outflows of resources</u></b>		
Unamortized deferred charges on debt refunding	1,479,122	1,596,119
Pension	10,063,659	8,638,409
OPEB	<u>1,299,049</u>	<u>1,256,473</u>
Total deferred outflows of resources	<u>12,841,830</u>	<u>11,491,001</u>
<b><u>Liabilities</u></b>		
Current liabilities	5,622,383	5,053,339
Long-term liabilities:		
Due within one year	2,129,215	2,192,561
Due in more than one year:		
Net pension liability	24,698,879	45,710,709
Net OPEB liability	3,149,932	3,407,090
Other amounts	<u>26,684,780</u>	<u>28,547,123</u>
Total liabilities	<u>62,285,189</u>	<u>84,910,822</u>
<b><u>Deferred inflows of resources</u></b>		
Property taxes levied for the next fiscal year	16,362,879	17,043,956
Payments in lieu of taxes for the next fiscal year	-	119,144
Leases	2,196,228	2,370,763
Pension	19,584,267	244,119
OPEB	<u>5,396,957</u>	<u>4,872,820</u>
Total deferred inflows of resources	<u>43,540,331</u>	<u>24,650,802</u>
<b><u>Net Position</u></b>		
Net Investment in capital assets	18,780,501	18,922,503
Restricted	4,601,268	4,690,029
Unrestricted (deficit)	<u>(32,201,328)</u>	<u>(35,786,942)</u>
Total net position (deficit)	<u>\$ (8,819,559)</u>	<u>\$ (12,174,410)</u>

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2022 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and net OPEB asset.

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

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

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

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

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

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

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

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2022, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$8,819,559.

At year-end, capital assets represented 51.88% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and intangible right to use – leased equipment. Net investment in capital assets at June 30, 2022 was \$18,780,501. These capital assets are used to provide services to the students and are not available for future spending. Although the District's net investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$4,601,268, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$32,201,328. The deficit balance of unrestricted net position was the result of reporting the net pension liability and net OPEB liability required by GASB 68 and 75.

The net pension liability decreased \$21,011,830 or 45.97% and deferred inflows of resources related to pension increased \$19,340,148. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Net investment income on investments at both pension systems exceeded estimates for the fiscal year 2021 measurement that are used for the fiscal year 2022 reporting which cause a large increase in fiduciary net position.

The table below shows the change in net position for fiscal years 2022 and 2021.

	<b>Change in Net Position</b>	
	Governmental Activities 2022	Governmental Activities 2021
	<u>2022</u>	<u>2021</u>
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,935,363	\$ 3,734,478
Operating grants and contributions	9,076,499	7,382,576
Capital grants and contributions	16,961	47,604
General revenues:		
Property taxes	19,269,420	18,068,871
Payments in lieu of taxes	125,266	90,524
Grants and entitlements	19,028,207	16,884,204
Investment earnings/change in fair value of investments	(116,737)	10,363
Miscellaneous	244,568	794,411
Total revenues	<u>\$ 49,579,547</u>	<u>\$ 47,013,031</u>

- Continued

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

**Change in Net Position (Continued)**

	Governmental Activities 2022	Governmental Activities 2021
	<u>2022</u>	<u>2021</u>
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 17,669,400	\$ 21,207,414
Special	6,230,320	6,983,158
Other	104,124	53,348
Support services:		
Pupil	4,543,768	3,759,733
Instructional staff	1,599,704	1,840,573
Board of education	324,064	214,767
Administration	2,368,601	2,956,626
Fiscal	1,061,170	943,492
Business	151,321	166,978
Operations and maintenance	5,122,918	4,899,003
Pupil transportation	2,164,623	1,973,431
Central	727,519	624,870
Operations of non-instructional services:		
Other non-instructional services	37,393	32,284
Food service operations	2,021,102	1,811,304
Extracurricular activities	1,197,976	1,067,921
Interest and fiscal charges	900,693	931,165
Total expenses	<u>46,224,696</u>	<u>49,466,067</u>
Change in net position	3,354,851	(2,453,036)
Net position (deficit) at beginning of year	<u>(12,174,410)</u>	<u>(9,721,374)</u>
Net position (deficit) at end of year	<u>\$ (8,819,559)</u>	<u>\$ (12,174,410)</u>

**Governmental Activities**

Net position of the District's governmental activities increased \$3,354,851. Total governmental expenses of \$46,224,696 were offset by program revenues of \$11,028,823 and general revenues of \$38,550,724. Program revenues supported 23.86% of the total governmental expenses.

Overall, expenses of the governmental activities decreased \$3,241,371 or 6.55%. This decrease is primarily the result of a decrease in pension expense. This decrease was the result of a decrease in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to an increase in net investment income on investments compared to previous years.

In the area of program revenues, charges for services and sales decreased primarily as a result of a change in the school foundation funding model. Certain revenues previously reported in tuition are now reported in grants and entitlements not restricted to specific programs general revenue.

The primary sources of revenue for governmental activities are derived from property taxes, payment in lieu of taxes, and grants and entitlements. These revenue sources represent 77.50% of total governmental revenue. Real estate property is reappraised every six years. The increase in property tax revenue was also attributed to calendar year 2020 being a reappraisal year for Butler County. In addition, on April 28, 2020, the District passed a 5.63 mill substitute levy (replacing the expiring 5.4 mil substitute levy). This levy will generate approximately \$2.7M per year.

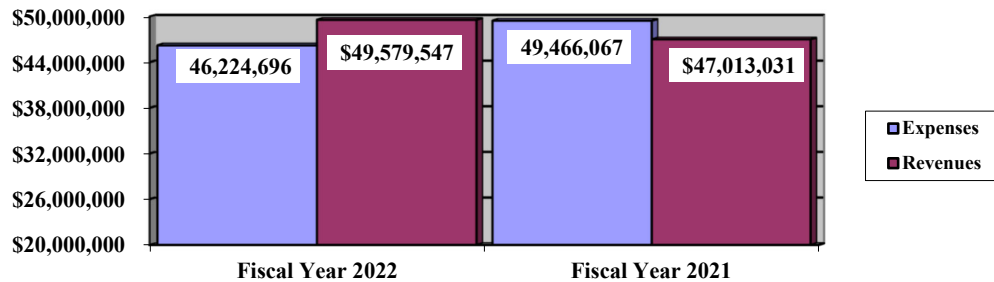
**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

Miscellaneous general revenues decreased during fiscal year as a result of large refunds and dividends received in the prior fiscal year from the Bureau of Workers' Compensation (BWC) that were not received in the current fiscal year. Investment earnings/changes in fair value of investments experienced a significant decrease during the fiscal year as a result of a downturn in the economy.

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2022 and 2021.

**Governmental Activities - Revenues and Expenses**



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

**Governmental Activities**

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
<b><u>Program expenses</u></b>				
Instruction:				
Regular	\$ 17,669,400	\$ 15,634,123	\$ 21,207,414	\$ 17,602,422
Special	6,230,320	2,638,736	6,983,158	2,923,089
Other	104,124	104,124	53,348	53,348
Support services:				
Pupil	4,543,768	2,804,991	3,759,733	2,975,982
Instructional staff	1,599,704	1,401,201	1,840,573	1,552,231
Board of education	324,064	324,064	214,767	214,767
Administration	2,368,601	2,329,697	2,956,626	2,809,432
Fiscal	1,061,170	1,061,170	943,492	943,492
Business	151,321	151,321	166,978	166,978
Operations and maintenance	5,122,918	4,732,737	4,899,003	4,580,531
Pupil transportation	2,164,623	2,061,695	1,973,431	1,874,363
Central	727,519	694,270	624,870	597,064
Operation of non-instructional services:				
Other non-instructional services	37,393	13,444	32,284	13,003
Food service operations	2,021,102	(421,287)	1,811,304	323,551
Extracurricular activities	1,197,976	764,894	1,067,921	739,991
Interest and fiscal charges	900,693	900,693	931,165	931,165
<b>Total</b>	<b>\$ 46,224,696</b>	<b>\$ 35,195,873</b>	<b>\$ 49,466,067</b>	<b>\$ 38,301,409</b>

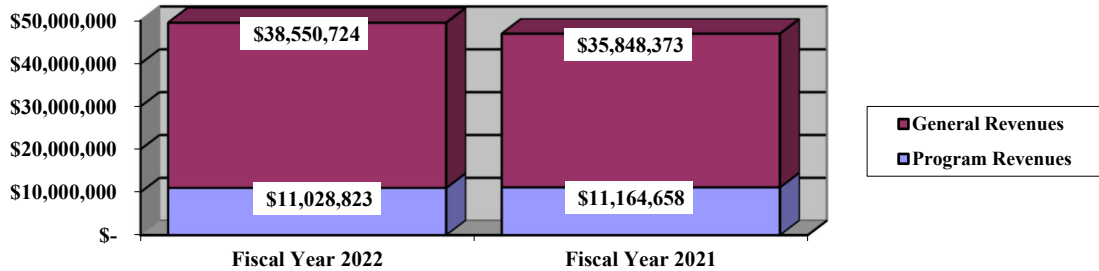
**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

The dependence upon tax and other general revenues for governmental activities is apparent, as 76.56% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 76.14%. Taxes and intergovernmental state revenues are by far the primary sources of support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2022 and 2021.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$12,366,712, which is higher than last year's total of \$11,890,078. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2022 and 2021.

	Fund Balance June 30, 2022	Fund Balance June 30, 2021	Increase (Decrease)	Percentage Change
General	\$ 6,405,576	\$ 7,223,574	\$ (817,998)	(11.32) %
Debt service	3,711,226	3,381,699	329,527	9.74 %
Other governmental	2,249,910	1,284,805	965,105	75.12 %
<b>Total</b>	<b>\$ 12,366,712</b>	<b>\$ 11,890,078</b>	<b>\$ 476,634</b>	<b>4.01 %</b>

**General Fund**

The District's general fund balance decreased \$817,998. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2022 Amount	2021 Amount	Increase (Decrease)	Percentage Change
<b>Revenues</b>				
Taxes	\$ 15,649,118	\$ 14,105,838	\$ 1,543,280	10.94 %
Tuition and fees	1,109,166	2,997,117	(1,887,951)	(62.99) %
Investment earnings/change in fair value of investments	(113,046)	4,537	(117,583)	(2,591.65) %
Intergovernmental	20,600,059	18,792,571	1,807,488	9.62 %
Other revenues	605,548	1,087,396	(481,848)	(44.31) %
<b>Total</b>	<b>\$ 37,850,845</b>	<b>\$ 36,987,459</b>	<b>\$ 863,386</b>	<b>2.33 %</b>



**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

Revenues for the general fund increased \$863,386 or 2.33%. The increase in property tax revenue was also attributed to calendar year 2020 being a reappraisal year for Butler County. In addition, on April 28, 2020, the District passed a 5.63 mill substitute levy (replacing the expiring 5.4 mil substitute levy). This levy will generate approximately \$2.7M per year. Certain revenues previously reported in tuition are now reported in intergovernmental revenue under the new funding model. The change in fair value of investments experienced a significant decrease during the current fiscal year as a result of a downturn in the economy. Other revenues decreased during the fiscal year as a result of large refunds and dividends received in the prior fiscal year from the Bureau of Workers' Compensation (BWC) that were not received in the current fiscal year. All other revenues remained comparable to the prior fiscal year.

	<u>2022</u> <u>Amount</u>	<u>2021</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 22,363,052	\$ 23,188,331	\$ (825,279)	(3.56) %
Support services	15,505,222	12,946,047	2,559,175	19.77 %
Operation of non-instructional services	13,248	8,973	4,275	47.64 %
Extracurricular activities	680,092	623,480	56,612	9.08 %
Debt service	<u>160,923</u>	<u>-</u>	<u>160,923</u>	100.00 %
Total	<u>\$ 38,722,537</u>	<u>\$ 36,766,831</u>	<u>\$ 1,955,706</u>	5.32 %

Expenditures for the general fund increased \$1,955,706 or 5.32%. This increase was the result of an increase in pupil, instructional staff, fiscal, operations and maintenance and pupil transportation support services in the current fiscal year. Instructional expenditures decreased primarily due to a change in how open enrollment adjustment – negative amounts are now being reported. There were previously reported as instructional expenditures and now are being reported as negative intergovernmental revenue. Due to the implantation of GASB Statement No. 87, the copier equipment lease payments are being reflected in debt service expenditures in the current fiscal year. All other expenditures remained comparable to the prior fiscal year.

***Debt Service Fund***

The debt service fund, had \$3,024,848 in revenues and \$2,695,321 in expenditures. During fiscal year 2022, the debt service fund's fund balance increased \$329,527 from a balance of \$3,381,699 to a balance of \$3,711,226.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2022, the District amended its general fund budget several times. For the general fund, final budgeted revenues and other financing sources were \$38,542,394, which was more than the original budgeted revenues and other financing sources estimate of \$36,570,177. Actual revenues and other financing sources for fiscal year 2022 were \$38,570,737, which was an \$28,343 increase from the final budgeted revenues.

General fund final appropriations and other financing uses of \$38,948,278 were greater than the original budgeted appropriations and other financing uses of \$38,847,903. The actual budget basis expenditures and other financing uses for fiscal year 2022 totaled \$39,400,459, which was \$452,181 more than final budget appropriations and other financing uses.

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

**Capital Assets and Debt Administration**

***Capital Assets***

2021 amounts were restated in the table below due to the implementation of GASB Statement No. 87 (see Note 3.A for detail). At the end of fiscal year 2022, the District had \$43,666,767 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and intangible right to use – leased equipment. This entire amount is reported in governmental activities. The following table show June 30, 2022 balances compared to June 30, 2021:

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

	Governmental Activities	
	2022	(Restated) 2021
Land	\$ 2,330,689	\$ 2,330,689
Construction in progress	596,700	-
Land improvements	1,154,794	1,144,347
Building and improvements	37,599,154	39,868,530
Equipment and furniture	787,259	1,003,473
Vehicles	1,119,667	1,231,402
Intangible right to use - Leased equipment	78,504	235,510
Total	\$ 43,666,767	\$ 45,813,951

The overall decrease in capital assets of \$2,147,184 is primarily due to depreciation expense of \$3,048,391 and disposal (net accumulated depreciation/amortization) of \$217,289 exceeding capital outlays of \$1,118,496. See Note 8 to the basic financial statements for additional information on the District's capital assets.

***Debt Administration***

2021 amounts were restated in the table below due to the implementation of GASB Statement No. 87 (see Note 3.A for detail). At June 30, 2022, the District had \$24,318,608 and \$79,647 in general obligation bonds outstanding and lease obligations, respectively. Of this total, \$1,909,647 is due within one year and \$22,488,608 is due in greater than one year.

The following table summarizes the bonds outstanding.

**Outstanding Debt, at Year End**

	Governmental	(Restated)
	Activities 2022	Governmental Activities 2021
General obligation bonds:		
Refunding bonds	\$ 24,318,608	\$ 26,003,049
Lease obligations	79,647	235,510
Total	\$ 24,398,255	\$ 26,238,559

See Note 9 to the basic financial statements for additional information on the District's debt administration.

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

**Current Financial Related Activities**

The District receives the majority of its funding from two sources: local property taxes and state foundation. As a result of ballot initiatives, the State of Ohio authorized the construction of four casinos around the state. A portion of the revenues generated from these casinos is targeted for public schools, based on the district's enrollment. School districts receive payments each August and January. The District received \$230K for Fiscal Year 2022.

The District's Five Year Forecast shows positive cash balances through Fiscal Year 2025. On May 5, 2015, the district placed a 5.40 mil substitute levy (this was replacing the expiring 6.19 mil substitute levy passed in November 2010 on the ballot). This levy passed by 153 votes. This levy generates approximately \$2.6M per year. The community once again passed this renewal in the April 2020 election.

Included in this forecast are amounts related to negotiated agreements with both of our bargaining units. In September 2019, the Board, OAPSE and ETA agreed on a new contract for fiscal years 2020 through 2022 for language, and fiscal years 2020 and 2021 for money. All members of OAPSE and ETA received a 2.25% raise in base pay for both Fiscal Year 2020 and Fiscal Year 2021. In spring of 2021, both bargaining units agreed to a 2% raise for fiscal year 2022, plus a \$500 stipend payable in November 2021. For Fiscal Year 2023, the Board, OAPSE and ETA agreed on a new contract for fiscal years 2023 through 2025 for language, and fiscal years 2023 for money. Both bargaining units agreed to a 2% raise for fiscal year 2023.

Health care costs continue to be a significant part of the District's fringe benefit expenditures. This industry nationwide has been double digit increases over the last several years. These increases have been felt by our District and have placed a considerable strain on our overall fringe benefit costs. The District currently participates in a High Deductible Health Plan (HDHP) and Health Savings Accounts (HAS). The Board approved funded for 50% of the annual deductible (\$4,000 family; \$2,000 single) for calendar years 2023-2025.

Dental insurance is provided by Superior Dental. The split between board share and employee share for dental insurance is 90/10 respectively. The District did not see an increase in premiums for the 2022 school year.

The District is required by law to pay 14% of an employees' salary into the State Teachers Retirement System or School Employees Retirement System. As salaries increase or decrease, the portion the District pays into the retirement systems increases or decreases accordingly.

Our workers comp premium for the last several calendar years averaged between \$150K and \$160K. Our forecast includes a modest increase of 3% for each year as we continue to see positive effects for programs that have been implemented in the district as well as rebates we receive for participating in a Group Retro Plan sponsored by the Cincinnati Regional Chamber of Commerce and managed by Sheakley.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Patti Bowers, Treasurer, Edgewood City School District, 3440 Busenbark Road, Trenton, Ohio, 45067-9798.

BASIC  
FINANCIAL STATEMENTS

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2022

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments	\$ 14,973,445
Receivables:	
Property taxes	18,410,245
Accounts	30,543
Accrued interest	11,747
Intergovernmental	1,531,753
Leases	2,221,648
Prepayments	194,600
Materials and supplies inventory	13,917
Inventory held for resale	27,189
Net OPEB asset	3,082,277
Capital assets:	
Nondepreciable/amortized capital assets	2,927,389
Depreciable/amortized capital assets, net	40,739,378
Capital assets, net	43,666,767
Total assets	84,164,131
 <b>Deferred outflows of resources:</b>	
Unamortized deferred charges on debt refunding	1,479,122
Pension	10,063,659
OPEB	1,299,049
Total deferred outflows of resources	12,841,830
 <b>Liabilities:</b>	
Accounts payable	105,786
Contracts payable	265,200
Accrued wages and benefits payable	4,390,480
Intergovernmental payable	788,135
Accrued interest payable	72,782
Long-term liabilities:	
Due within one year	2,129,215
Due in more than one year:	
Net pension liability	24,698,879
Net OPEB liability	3,149,932
Other amounts due in more than one year	26,684,780
Total liabilities	62,285,189
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year	16,362,879
Leases	2,196,228
Pension	19,584,267
OPEB	5,396,957
Total deferred inflows of resources	43,540,331
 <b>Net position:</b>	
Net investment in capital assets	18,780,501
Restricted for:	
Capital projects	349,105
Classroom facilities maintenance	475,134
Debt service	3,488,340
State funded programs	17,396
Federally funded programs	2,422
Student activities	217,716
Other purposes	51,155
Unrestricted (deficit)	(32,201,328)
Total net position (deficit)	\$ (8,819,559)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Expenses		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental activities:</b>					
Instruction:					
Regular	\$ 17,669,400	\$ 753,971	\$ 1,281,306	\$ -	\$ (15,634,123)
Special	6,230,320	453,091	3,138,493	-	(2,638,736)
Other	104,124	-	-	-	(104,124)
Support services:					
Pupil	4,543,768	761	1,738,016	-	(2,804,991)
Instructional staff	1,599,704	27,714	170,789	-	(1,401,201)
Board of education	324,064	-	-	-	(324,064)
Administration	2,368,601	13,499	25,405	-	(2,329,697)
Fiscal	1,061,170	-	-	-	(1,061,170)
Business	151,321	-	-	-	(151,321)
Operations and maintenance	5,122,918	183,403	206,778	-	(4,732,737)
Pupil transportation	2,164,623	-	102,928	-	(2,061,695)
Central	727,519	-	33,249	-	(694,270)
Operation of non-instructional services:					
Food service operations	2,021,102	114,822	2,327,567	-	421,287
Other non-instructional services	37,393	2,491	21,458	-	(13,444)
Extracurricular activities	1,197,976	385,611	30,510	16,961	(764,894)
Interest and fiscal charges	900,693	-	-	-	(900,693)
<b>Totals</b>	<b>\$ 46,224,696</b>	<b>\$ 1,935,363</b>	<b>\$ 9,076,499</b>	<b>\$ 16,961</b>	<b>(35,195,873)</b>
<b>General revenues:</b>					
Property taxes levied for:					
General purposes					15,628,144
Debt service					2,494,950
Capital outlay					1,146,326
Payments in lieu of taxes					125,266
Grants and entitlements not restricted to specific programs					19,028,207
Investment earnings					144,679
Changes in fair value of investments					(261,416)
Miscellaneous					244,568
Total general revenues					38,550,724
Change in net position					3,354,851
<b>Net position (deficit) at beginning of year</b>					<b>(12,174,410)</b>
<b>Net position (deficit) at end of year</b>					<b>\$ (8,819,559)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and investments	\$ 8,289,352	\$ 3,711,226	\$ 2,972,867	\$ 14,973,445
Receivables:				
Property taxes	14,755,259	2,504,766	1,150,220	18,410,245
Accounts	23,230	-	7,313	30,543
Accrued interest	11,747	-	-	11,747
Interfund loans	480,131	-	-	480,131
Intergovernmental	823,659	-	708,094	1,531,753
Leases	2,221,648	-	-	2,221,648
Prepayments	193,325	-	1,275	194,600
Materials and supplies inventory	-	-	13,917	13,917
Inventory held for resale	-	-	27,189	27,189
Total assets	<u>\$ 26,798,351</u>	<u>\$ 6,215,992</u>	<u>\$ 4,880,875</u>	<u>\$ 37,895,218</u>
<b>Liabilities:</b>				
Accounts payable	\$ 85,439	\$ -	\$ 20,347	\$ 105,786
Contracts payable	-	-	265,200	265,200
Accrued wages and benefits payable	3,935,372	-	455,108	4,390,480
Compensated absences payable	39,768	-	-	39,768
Intergovernmental payable	703,029	-	85,106	788,135
Interfund loans payable	-	-	480,131	480,131
Total liabilities	<u>4,763,608</u>	<u>-</u>	<u>1,305,892</u>	<u>6,069,500</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year	12,713,374	2,501,181	1,148,324	16,362,879
Delinquent property tax revenue not available	21,085	3,585	1,896	26,566
Intergovernmental revenue not available	694,086	-	174,853	868,939
Accrued interest not available	4,394	-	-	4,394
Leases	2,196,228	-	-	2,196,228
Total deferred inflows of resources	<u>15,629,167</u>	<u>2,504,766</u>	<u>1,325,073</u>	<u>19,459,006</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory	-	-	13,917	13,917
Prepays	193,325	-	1,275	194,600
Restricted:				
Debt service	-	3,711,226	-	3,711,226
Capital improvements	-	-	349,105	349,105
Classroom facilities maintenance	-	-	475,134	475,134
State funded programs	-	-	15,780	15,780
Extracurricular	-	-	216,441	216,441
Scholarships	-	-	8,536	8,536
Other purposes	-	-	42,619	42,619
Committed:				
Capital improvements	-	-	1,507,743	1,507,743
Assigned:				
Student instruction	40,674	-	-	40,674
Student and staff support	443,044	-	-	443,044
Other purposes	5,343	-	-	5,343
Unassigned (deficit)	5,723,190	-	(380,640)	5,342,550
Total fund balances	<u>6,405,576</u>	<u>3,711,226</u>	<u>2,249,910</u>	<u>12,366,712</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 26,798,351</u>	<u>\$ 6,215,992</u>	<u>\$ 4,880,875</u>	<u>\$ 37,895,218</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2022

<b>Total governmental fund balances</b>		\$	12,366,712
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			43,666,767
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	26,566	
Accrued interest receivable		4,394	
Intergovernmental receivable		868,939	
Total			899,899
Unamortized premiums on bonds and refunding bonds issued are not recognized in the funds.			(2,121,054)
Unamortized amounts on refundings are not recognized in the funds.			1,479,122
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(72,782)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		10,063,659	
Deferred inflows - pension		(19,584,267)	
Net pension liability		(24,698,879)	
Deferred outflows - OPEB		1,299,049	
Deferred inflows - OPEB		(5,396,957)	
Net OPEB asset		3,082,277	
Net OPEB liability		(3,149,932)	
Total			(38,385,050)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds and refundings bonds		(24,050,000)	
General obligation capital appreciation bonds		(114,687)	
Accretion of interest - capital appreciation bonds		(153,921)	
Lease obligations		(79,647)	
Compensated absences		(2,254,918)	
Total			(26,653,173)
<b>Net position of governmental activities</b>		<b>\$</b>	<b><u><u>(8,819,559)</u></u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Property taxes	\$ 15,649,118	\$ 2,501,181	\$ 1,148,323	\$ 19,298,622
Intergovernmental	20,600,059	523,667	6,960,878	28,084,604
Investment earnings	148,370	-	350	148,720
Tuition and fees	1,109,166	-	-	1,109,166
Extracurricular	164,180	-	342,416	506,596
Rental income	180,594	-	-	180,594
Charges for services	20,815	-	118,192	139,007
Contributions and donations	3,868	-	36,916	40,784
Payment in lieu of taxes	125,266	-	-	125,266
Miscellaneous	110,825	-	82,456	193,281
Change in fair value of investments	(261,416)	-	-	(261,416)
Total revenues	<u>37,850,845</u>	<u>3,024,848</u>	<u>8,689,531</u>	<u>49,565,224</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	16,663,581	-	1,289,338	17,952,919
Special	5,595,347	-	1,001,001	6,596,348
Other	104,124	-	-	104,124
Support services:				
Pupil	3,660,078	-	1,139,361	4,799,439
Instructional staff	1,506,852	-	216,312	1,723,164
Board of education	324,072	-	258	324,330
Administration	2,580,865	-	49,764	2,630,629
Fiscal	1,116,953	25,447	12,294	1,154,694
Business	164,312	-	-	164,312
Operations and maintenance	3,309,213	-	855,386	4,164,599
Pupil transportation	2,098,621	-	85,394	2,184,015
Central	744,256	-	32,739	776,995
Operation of non-instructional services:				
Food service operations	-	-	2,116,662	2,116,662
Other non-instructional services	13,248	-	25,773	39,021
Extracurricular activities	680,092	-	330,202	1,010,294
Facilities acquisition and construction	-	-	655,199	655,199
Debt service:				
Principal retirement	155,863	1,765,000	-	1,920,863
Interest and fiscal charges	5,060	904,874	-	909,934
Total expenditures	<u>38,722,537</u>	<u>2,695,321</u>	<u>7,809,683</u>	<u>49,227,541</u>
Excess of revenues over (under) expenditures	<u>(871,692)</u>	<u>329,527</u>	<u>879,848</u>	<u>337,683</u>
<b>Other financing sources (uses):</b>				
Insurance proceeds	54,194	-	79,399	133,593
Transfers in	-	-	500	500
Transfers (out)	(500)	-	-	(500)
Total other financing sources (uses)	<u>53,694</u>	<u>-</u>	<u>79,899</u>	<u>133,593</u>
Net change in fund balances	(817,998)	329,527	959,747	471,276
<b>Fund balances at beginning of year</b>	7,223,574	3,381,699	1,284,805	11,890,078
<b>Change in reserve for inventory</b>	-	-	5,358	5,358
<b>Fund balances at end of year</b>	<u>\$ 6,405,576</u>	<u>\$ 3,711,226</u>	<u>\$ 2,249,910</u>	<u>\$ 12,366,712</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<b>Net change in fund balances - total governmental funds</b>	\$	471,276
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.		
Capital asset additions	\$ 1,118,496	
Current year depreciation/amortization	<u>(3,048,391)</u>	
Total		(1,929,895)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(217,289)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		5,358
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(29,202)	
Earnings on investments	(3,691)	
Intergovernmental	<u>(86,377)</u>	
Total		(119,270)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		1,920,863
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
(Increase) decrease in accrued interest payable	5,481	
Accreted interest on capital appreciation bonds	(80,559)	
Amortization of bond premiums	201,316	
Amortization of deferred charges	<u>(116,997)</u>	
Total		9,241
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	3,483,840	
OPEB	<u>104,967</u>	
Total		3,588,807
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(386,908)	
OPEB	<u>180,207</u>	
Total		(206,701)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>(167,539)</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>3,354,851</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property taxes	\$ 14,208,000	\$ 14,734,174	\$ 14,734,174	\$ -
Intergovernmental	18,896,588	20,504,036	20,504,036	-
Investment earnings	58,000	68,593	78,019	9,426
Tuition and fees	2,888,000	929,314	929,614	300
Extracurricular	60,000	45,770	46,370	600
Rental income	212,189	200,567	218,249	17,682
Payment in lieu of taxes	85,000	131,620	131,620	-
Miscellaneous	37,400	29,362	29,697	335
Total revenues	<u>36,445,177</u>	<u>36,643,436</u>	<u>36,671,779</u>	<u>28,343</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	18,050,427	16,297,532	16,362,799	(65,267)
Special	5,481,768	5,783,075	5,776,956	6,119
Other	51,445	85,336	85,336	-
Support services:				
Pupil	3,519,139	3,645,644	3,651,641	(5,997)
Instructional staff	1,219,741	1,444,810	1,435,760	9,050
Board of education	236,875	304,693	304,793	(100)
Administration	2,302,246	2,550,657	2,612,164	(61,507)
Fiscal	943,814	1,066,069	1,066,011	58
Business	138,784	164,084	164,084	-
Operations and maintenance	3,366,538	3,532,912	3,533,686	(774)
Pupil transportation	1,590,565	2,137,946	2,128,691	9,255
Central	875,562	758,139	758,139	-
Operation of non-instructional services				
Other non-instructional services	6,527	13,748	13,748	-
Extracurricular activities	572,650	671,811	671,617	194
Total expenditures	<u>38,356,081</u>	<u>38,456,456</u>	<u>38,565,425</u>	<u>(108,969)</u>
Excess of revenues (under) expenditures	<u>(1,910,904)</u>	<u>(1,813,020)</u>	<u>(1,893,646)</u>	<u>(80,626)</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures	75,000	29,247	29,247	-
Transfers (out)	(2,993)	(2,993)	(500)	2,493
Advances in	-	1,815,517	1,815,517	-
Advances (out)	(488,829)	(488,829)	(834,534)	(345,705)
Sale of capital assets	50,000	54,194	54,194	-
Total other financing sources (uses)	<u>(366,822)</u>	<u>1,407,136</u>	<u>1,063,924</u>	<u>(343,212)</u>
Net change in fund balance	(2,277,726)	(405,884)	(829,722)	(423,838)
<b>Fund balance at beginning of year</b>	8,147,647	8,147,647	8,147,647	-
<b>Prior year encumbrances appropriated</b>	701,448	701,448	701,448	-
<b>Fund balance at end of year</b>	<u>\$ 6,571,369</u>	<u>\$ 8,443,211</u>	<u>\$ 8,019,373</u>	<u>\$ (423,838)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUND  
JUNE 30, 2022

	<u>Custodial</u>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents	\$ 515
<b>Net position:</b>	
Held for individuals	<u>515</u>
Total net position	<u>\$ 515</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Custodial</u>
<b>Additions:</b>	
Contributions and donations	<u>\$ 515</u>
Change in net position	515
<b>Net position at beginning of year</b>	<u>-</u>
<b>Net position at end of year</b>	<u><u>\$ 515</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

The Edgewood City School District (the “District”) was formed on February 14, 1968 with the consolidation of Trenton City School District and Shiloh Local School District. Today, the District operates under current standards prescribed by the Ohio State Board of Education, as provided in division (D) of Section 3301.07, and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five-member board form of government and provides educational services as authorized by its charter or further mandated by State and/or federal agencies. This Board controls the District’s instructional and support facilities, staffed by 282 certified full-time teaching and administrative personnel and 160 classified personnel, who provide services to approximately 3,722 students and other community members.

The District ranks as the 513<sup>th</sup> largest by enrollment among the 611 public school districts in the State. It currently operates 3 elementary schools, 1 middle school and 1 comprehensive high school.

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

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

**A. Reporting Entity**

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

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

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Southwest Ohio Computer Association

The Southwest Ohio Computer Association (SWOCA) is a jointly governed organization among a three-county consortium of Ohio school districts. The jointly governed organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to the administrative and instructional functions of the member districts. Each of the governments of these schools supports SWOCA based upon a per pupil charge, dependent upon the software package utilized.

The Governing Board of SWOCA is comprised of the superintendent of each of the member districts, plus one representative from the fiscal agent. The degree of control exercised by any participating school district is limited to its representation on the Board.

Financial information can be obtained from Donna Davis Norris, who serves as Executive Director, at 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011.

Butler Technology & Career Development Schools

The Technology & Career Development Schools is a vocational school district, and is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide for the vocational and special education needs of its students. The Technology & Career Development School accepts non-tuition students from the District as a member school; however, it is considered a separate political subdivision and is not considered to be part of the District.

**B. Basis of Presentation and Measurement Focus**

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

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



**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

The fiduciary funds are reported using the economic resources measurement focus. All assets and liabilities associated with the operation of fiduciary funds are included on the statement of net fiduciary position. Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds. 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.

**C. Basis of Accounting**

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the District, see Note 11 and Note 12 for deferred outflows of resources related to the District's net pension liability net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Note 11 and Note 12 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

**D. Fund Accounting**

The 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. There are three categories of funds: governmental, proprietary and fiduciary. The District has no proprietary funds.

*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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance.

The following are the District's major governmental funds:

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

Debt service fund - The debt service fund is used to account for the accumulation of resources restricted for the payment of general obligation bond principal, interest and related costs.

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's only custodial fund accounts for scholarship funds collected and distributed on behalf of the Smith Family.

**E. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

The specific timetable for fiscal year 2022 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Butler County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final amended certificates of estimated resources issued for fiscal year 2022.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

5. All funds, other than custodial funds, are legally required to be budgeted and appropriated. Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original, appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2022.
9. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

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

During fiscal year 2022, the District had investments in negotiable certificates of deposit, U.S. government money market mutual funds, federal agency securities and in the State Treasury Asset Reserve of Ohio (STAR Ohio).

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

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2022 amounted to \$148,370, which includes \$60,476 assigned from other District funds.

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

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

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

**G. Inventory**

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis. On the government wide financial statements, inventories are expensed when used. On the fund financial statements, an expenditure is recorded when the inventory is purchased. Inventories are accounted for using the consumption method on the statement of activities and the purchase method on the governmental fund statements. On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$2,500. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	10 - 30 years
Buildings and improvements	25 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 10 years
Intangible leased equipment	3.5 - 5 years

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

**I. Interfund Balances**

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

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the financial statement date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service or any age with 20 years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2022 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount due. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

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

**L. Unamortized Bond Premium and Discount/Issuance Costs/Unamortized Accounting Gain or Loss**

Bond premiums are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On fund financial statements and the government wide financial statements, issuance costs are expensed/expensed in the fiscal year they occur.

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 9.A.

**M. Fund Balance**

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

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

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

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

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

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

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

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

**N. Net Position**

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

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

**O. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. On the fund financial statements, reported prepayments are offset by a nonspendable fund balance.

**P. Estimates**

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

**Q. Interfund Activity**

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

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

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

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



**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

**S. Fair Market Value**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District had neither type of transaction occur in fiscal year 2022.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2022, the District has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance 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 District's fiscal year 2022 financial statements. The District recognized \$2,370,763 in governmental activities in leases receivable at July 1, 2021, due to the implementation of GASB 87; however, this entire amount was offset by deferred inflows of resources for leases. The District also recognized \$235,510 in governmental activities in lease obligations at July 1, 2021; however, this entire amount was offset by the intangible asset, right to use lease - equipment.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the District.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the District.

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the District.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the District.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the District.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the District.

**B. Deficit Fund Balances**

Fund balances at June 30, 2022 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 191,219
Elementary and secondary school emergency	36,398
IDEA, Part B	83,874
Title I	55,232

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
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, the State Treasury Asset Reserve of Ohio (STAR Ohio);
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

**A. Deposits with Financial Institutions**

At June 30, 2022, the carrying amount of all District deposits was \$2,672,414 and the bank balance of all District deposits was \$2,952,709. Of the bank balance, \$2,384,488 was exposed to custodial risk as discussed below because those deposits were uninsured and uncollateralized and \$568,221 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For fiscal year 2022, the District's financial institutions had a collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

The District does not have a deposit policy specifically addressing its depository accounts with financial institutions.

**B. Investments**

Investments are made in order to seek preservation of capital in the portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. The portfolio is managed in such a way as to equal or exceed the market average rate of return. The portfolio remains sufficiently liquid to enable the District to meet reasonably anticipated operational requirements.

The District may invest in those instruments defined in Chapter 135 ORC and other relevant sections of the Ohio Revised Code at a price not exceeding their fair market value. Cash flow requirements are considered in determining the term of an investment. Provided these requirements have been satisfied, maturity length is determined by market conditions and interest rate forecasts. Investments of the District are diversified to eliminate the risk of loss resulting from over concentration of assets in a specific investment instrument. All investments and deposits are collateralized pursuant to the Ohio Revised Code.

In addition to these policies, all relevant sections of the Ohio Revised Code are adhered to at all times.

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

Measurement/ <u>Investment type</u>	Measurement <u>Amount</u>	<u>Investment Maturities</u>		
		6 months or <u>less</u>	7 to 12 <u>months</u>	Greater than <u>24 months</u>
<i>Amortized Cost:</i>				
STAR Ohio	\$ 7,631,875	\$ 7,631,875	\$ -	\$ -
<i>Fair Value:</i>				
U.S. Government				
Money Market	168,263	168,263	-	-
FHLB	3,759,750	-	-	3,759,750
Negotiable CDs	741,658	250,325	491,333	-
Total	<u>\$ 12,301,546</u>	<u>\$ 8,050,463</u>	<u>\$ 491,333</u>	<u>\$ 3,759,750</u>

The weighted average maturity of investments is 0.91 years.

The District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs).

The District's investments in negotiable certificates of deposit and federal agency securities are valued using quoted market prices that are not considered too be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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

*Credit Risk:* STAR Ohio carries a rating of AAAm money market rating by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investments in federal agency securities and U.S. Government money markets were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The negotiable CD's are fully covered by the FDIC and are not rated.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2022:

Measurement/ <u>Investment type</u>	Measurement <u>Amount</u>	<u>% of Total</u>
<i>Amortized Cost:</i>		
STAR Ohio	\$ 7,631,875	62.04
<i>Fair Value:</i>		
U.S. Government		
Money Market	168,263	1.37
FHLB	3,759,750	30.56
Negotiable CDs	741,658	6.03
Total	<u>\$ 12,301,546</u>	<u>100.00</u>

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

**C. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note disclosure above to cash and investments as reported on the statement of net position as of June 30, 2022:

<u>Cash and investments per note disclosure</u>	
Carrying amount of deposits	\$ 2,672,414
Investments	<u>12,301,546</u>
Total	<u>\$ 14,973,960</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 14,973,445
Custodial fund	<u>515</u>
Total	<u>\$ 14,973,960</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund transfers for the year ended June 30, 2022 consisted of the following, as reported on the fund financial statements:

<u>Transfer to nonmajor governmental fund from:</u>	<u>Amount</u>
General fund	<u>\$ 500</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements; therefore, no transfers are reported in the statement of activities.

- B. Interfund loans receivable/payable consisted of the following at June 30, 2022, as reported on the fund financial statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	<u>\$ 480,131</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year. Interfund balances between governmental funds are eliminated on the statement of net position.

**NOTE 6 - PROPERTY TAXES**

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

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed values as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Public utility real and personal property taxes received in calendar year 2022 became a lien on December 31, 2020, were levied after April 1, 2021, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Butler County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount available as an advance at June 30, 2022 was \$2,020,800 in the general fund. This amount is recorded as revenue. The amount available for advance at June 30, 2021 was \$1,105,856 in the general fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal 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 by a credit to deferred inflows.

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

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

	2021 Second Half Collections		2022 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 391,012,310	73.76	\$ 392,663,690	73.95
Public utility personal	<u>139,099,130</u>	<u>26.24</u>	<u>138,345,490</u>	<u>26.05</u>
Total	<u>\$ 530,111,440</u>	<u>100.00</u>	<u>\$ 531,009,180</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$49.37		\$47.88	

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 7 - RECEIVABLES**

- A. Receivables at June 30, 2022 consisted of property taxes, accrued interest, accounts and intergovernmental grants and entitlements and leases. 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. A summary of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Property taxes	\$ 18,410,245
Accounts	30,543
Accrued interest	11,747
Intergovernmental	1,531,753
Leases	<u>2,221,648</u>
Total	<u>\$ 22,205,936</u>

Receivables have been disaggregated on the face of the financial statements. All receivables are expected to be collected in the subsequent year, with the exception of the lease receivable.

**B. Lease Receivable**

On January 12, 2015 the District (Lessor) entered into an agreement to lease a District building located at 3590 Busenbark Road, Trenton Ohio 45067 to Atrium Medical Center (the "Lessee"). The lease is for a period of fifteen years with the option to renew the lease at the end of the term for an additional five years. Under the terms of the agreement the Lessee is to pay the District \$17,682 per month for the duration of the lease. Payments are reported in the general fund.

The District is reporting leases receivable of \$2,221,648 in the general fund at June 30, 2022. For fiscal year 2022, the District recognized interest revenue of \$63,075.

The following is a schedule of future lease payments under the agreement:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	147,558	64,632	212,190
2024	152,046	60,143	212,189
2025	156,670	55,519	212,189
2026	161,436	50,753	212,189
2027	166,346	45,843	212,189
2028-2032	910,772	150,174	1,060,946
2033-2037	<u>526,820</u>	<u>21,336</u>	<u>548,156</u>
Total	<u>\$ 2,221,648</u>	<u>\$ 448,400</u>	<u>\$ 2,670,048</u>



**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 8 - CAPITAL ASSETS**

Due to the implementation of GASB Statement No. 87 (see Note 3.A for detail), the District has reported capital assets for intangible right to use - leased equipment at July 1, 2021; however this entire amount was offset by the lease obligation. Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

<b><u>Governmental activities:</u></b>	<u>Balance</u>			<u>Balance</u>
	<u>07/01/2021</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/2022</u>
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 2,330,689	\$ -	\$ -	\$ 2,330,689
Construction in progress	-	596,700	-	596,700
<i>Total capital assets, not being depreciated/amortized</i>	<u>2,330,689</u>	<u>596,700</u>	<u>-</u>	<u>2,927,389</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	2,178,310	290,370	(511,268)	1,957,412
Buildings and improvements	77,183,377	132,359	-	77,315,736
Equipment and furniture	6,347,503	-	-	6,347,503
Vehicles	2,911,269	99,067	-	3,010,336
Intangible right to use:				
Leased equipment	<u>235,510</u>	<u>-</u>	<u>-</u>	<u>235,510</u>
<i>Total capital assets, being depreciated/amortized</i>	<u>88,855,969</u>	<u>521,796</u>	<u>(511,268)</u>	<u>88,866,497</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(1,033,963)	(62,634)	293,979	(802,618)
Buildings and improvements	(37,314,847)	(2,401,735)	-	(39,716,582)
Equipment and furniture	(5,344,030)	(216,214)	-	(5,560,244)
Vehicles	(1,679,867)	(210,802)	-	(1,890,669)
Intangible right to use:				
Leased equipment	<u>-</u>	<u>(157,006)</u>	<u>-</u>	<u>(157,006)</u>
<i>Total accumulated depreciation/amortization</i>	<u>(45,372,707)</u>	<u>(3,048,391)</u>	<u>293,979</u>	<u>(48,127,119)</u>
Total capital assets, net	<u>\$ 45,813,951</u>	<u>\$ (1,929,895)</u>	<u>\$ (217,289)</u>	<u>\$ 43,666,767</u>

Depreciation expense was charged to governmental functions as follows:

<b><u>Instruction:</u></b>	
Regular	\$ 1,126,958
Special	157,006
<b><u>Support services:</u></b>	
Pupil	2,858
Instructional staff	5,412
Board of education	430
Administration	8,087
Fiscal	217
Operations and maintenance	1,480,043
Pupil transportation	212,031
Extracurricular activities	46,807
Food service operations	<u>8,542</u>
Total depreciation expense	<u>\$ 3,048,391</u>

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - LONG-TERM OBLIGATIONS**

- A. Due to the implementation of GASB Statement No. 87 (see Note 3.A for detail), the District has reported a lease obligation at July 1, 2021; however, this entire amount was offset by the intangible asset, right to use lease - equipment. During fiscal year 2022, the following changes occurred in governmental activities long-term obligations:

	Balance 07/01/2021	Increases	Decreases	Balance 06/30/2022	Amount Due Within One Year
<b><u>Governmental activities:</u></b>					
<b><u>G.O. Bonds - Series 2011</u></b>					
Current interest bonds	\$ 290,000	\$ -	\$ (95,000)	\$ 195,000	\$ 95,000
<b><u>2013 Series Bonds</u></b>					
Serial bonds	6,035,000	-	(890,000)	5,145,000	920,000
<b><u>2015 Series Bonds</u></b>					
Serial bonds	2,965,000	-	(585,000)	2,380,000	610,000
<b><u>2019 Series Bonds</u></b>					
Serial bonds	10,130,000	-	(195,000)	9,935,000	205,000
Term bonds	6,395,000	-	-	6,395,000	-
Capital appreciation bonds	114,687	-	-	114,687	-
Accreted interest	73,362	80,559	-	153,921	-
Lease obligations	235,510	-	(155,863)	79,647	79,647
Net pension liability	45,710,709	-	(21,011,830)	24,698,879	-
Net OPEB liability	3,407,090	-	(257,158)	3,149,932	-
Compensated absences	2,178,755	497,449	(381,518)	2,294,686	219,568
<b>Total</b>	<b>\$ 77,535,113</b>	<b>\$ 578,008</b>	<b>\$ (23,571,369)</b>	<b>54,541,752</b>	<b>\$ 2,129,215</b>
Unamortized premium on refunding bonds				2,121,054	
<b>Total long-term liabilities on statement of net position</b>				<b>\$ 56,662,806</b>	

- B. *School Improvement Series 2011* - On November 17, 2011, the District issued \$2,980,000 in general obligations bonds to provide financing for various construction projects. The issue is comprised current interest bonds, par value \$195,000 outstanding at June 30, 2022. The interest rates on the current interest bonds range from 2.00% - 4.375%. The bonds had an original final maturity date of December 1, 2037.

During fiscal year 2020, the bonds maturing on and after December 1, 2024 totaling \$1,940,000 were refunded with a portion of the proceeds from the General Obligation Unlimited Tax School Refunding Bonds, Series 2019 dated December 19, 2019. The new final maturity date of the Series 2011 Bonds is December 1, 2023.

*General Obligation Unlimited Tax Refunding Bonds - Series 2013* - On July 11, 2013, the District issued series 2013 General Obligation Unlimited Tax Refunding Bonds to advance refund the Series 2009 School Improvement General Obligation Unlimited Tax Bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The defeased balance of the Series 2009 refunded general obligation bonds at June 30, 2022, is \$21,870,000.

During fiscal year 2020, the current interest and term bonds maturing on and after December 1, 2027 totaling \$14,930,000 were refunded with a portion of the proceeds from the General Obligation Unlimited Tax School Refunding Bonds, Series 2019 dated December 19, 2019.

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

As of June 30, 2022, the Series 2013 refunding issue is comprised of serial bonds in the amount of \$5,145,000. Interest payments on the serial current interest bonds are due on June 1 and December 1 of each year. The interest rates on the serial bonds range from 2.625% to 5.000%. The bonds were originally issued for a twenty-four year period, with final maturity during fiscal year 2038. The new final maturity date is December 1, 2026. The bonds will be retired through the debt service fund.

Issuance proceeds from refunding the Series 2009 Bonds totaled \$23,304,883 and were deposited with an escrow agent.

The reacquisition price exceeded the net carrying amount of the old debt by \$329,883. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

General Obligation Unlimited Tax Refunding Bonds - Series 2015 - On October 7, 2015, the District issued series 2015 General Obligation Unlimited Tax Refunding Bonds to advance refund the Series 2005 General Obligation bonds. The proceeds from the issuance were used to purchase securities, which were placed in an irrevocable trust in order to provide resources for all future debt service payments on the advance refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The defeased balance of the refunded Series 2005 general obligation bonds at June 30, 2022, is \$2,720,000.

This refunding issue is comprised of current interest bonds, in the amount of \$2,380,000 outstanding at June 30, 2022. The interest rates range from 2.000% to 4.000%. The bonds were issued for a ten year period, with final maturity during fiscal year 2026. The bonds will be retired through the debt service fund.

The reacquisition price exceeded the net carrying amount of the old debt by \$155,358. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

Issuance proceeds totaling \$6,670,358 were deposited with an escrow agent. These bonds were issued with a premium of \$498,769, which were reported as an other financing source on the fund financial statements. The issuance costs of \$111,345 were reported as an expenditure on the fund financial statements.

Interest payments on the serial and term current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2025.

General Obligation Unlimited Tax Refunding Bonds - Series 2019 - On December 19, 2019, the District issued series 2019 General Obligation Unlimited Tax Refunding Bonds to advance refund \$1,940,000 of the Series 2011 general obligation bonds maturing on and after December 1, 2024 and to advance refund \$14,930,000 of the Series 2013 general obligation refunding bonds maturing on and after December 1, 2027. The proceeds from the issuance were used to purchase securities, which were placed in an irrevocable trust in order to provide resources for all future debt service payments on the advance refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The defeased balance of the refunded Series 2011 general obligation bonds and the Series 2013 general obligation refunding bonds at June 30, 2022 were \$1,940,000 and \$14,930,000, respectively.

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

This refunding issue is comprised of both serial and term current interest bonds and capital appreciation bonds in the amount of \$9,935,000, \$6,395,000, and \$114,687 respectively, outstanding at June 30, 2022. The interest rates on the serial and term bonds range from 2.75% to 5.00% and 2.80% to 3.00%, respectively. The bonds were issued for a nineteen year period, with final maturity during fiscal year 2038. The capital appreciation bonds mature December 1, 2024, 2027, and 2028 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the outstanding capital appreciation bonds is \$110,000, \$1,265,000, and \$1,245,000, respectively. Total accreted interest of \$153,921 has been included on the statement of net position at June 30, 2022. The bonds will be retired through the debt service fund.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,583,197. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

Issuance proceeds totaling \$18,705,853 were deposited with an escrow agent. These bonds were issued with a premium of \$2,066,574, which were reported as an other financing source on the fund financial statements. The issuance costs of \$218,641 were reported as an expenditure on the fund financial statements. The refunding had a net present value savings of \$1,382,631.

*Lease obligations* - On November 16, 2017, and June 14, 2019, the District entered into lease obligation agreements for copiers with Canon Solutions America, Inc. for a term of 60 and 42 months, respectively. Payments are due monthly and the leases mature December 2022. In accordance with GASB Statement No. 87, the District has reported an intangible capital asset and corresponding liability for the future scheduled payments under the lease agreements. Lease payments have been reclassified and are reflected as debt service expenditures on the fund financial statements. These expenditures are reported as function expenditures on the budgetary statements.

*Net Pension Liability*: See Note 11 for details. The District pays obligations related to employee compensation from the fund benefitting from their service.

*Net OPEB Liability/Asset*: See Note 12 for details. The District pays obligations related to employee compensation from the fund benefitting from their service.

*Compensated Absences*: Compensated absences will be paid out of the funds from which the employee's salaries are paid, which is primarily the general fund for the District.

- C. Principal and interest requirements to retire the general obligation bonds and lease obligations outstanding at June 30, 2022 are as follows:

Fiscal Year Ending June 30,	Lease Obligations			General Obligation Bonds - Series 2011 Current Interest Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 79,647	\$ 815	\$ 80,462	\$ 95,000	\$ 5,900	\$ 100,900
2024	-	-	-	100,000	2,000	102,000
Total	<u>\$ 79,647</u>	<u>\$ 815</u>	<u>\$ 80,462</u>	<u>\$ 195,000</u>	<u>\$ 7,900</u>	<u>\$ 202,900</u>

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

Fiscal Year Ending June 30,	General Obligation Refunding Bonds - Series 2013			General Obligation Bonds - Series 2015		
	Current Interest Bonds			Current Interest Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 920,000	\$ 225,550	\$ 1,145,550	\$ 610,000	\$ 83,000	\$ 693,000
2024	950,000	178,800	1,128,800	650,000	57,800	707,800
2025	1,000,000	130,050	1,130,050	720,000	30,400	750,400
2026	1,405,000	69,925	1,474,925	400,000	8,000	408,000
2027	870,000	17,400	887,400	-	-	-
Total	<u>\$ 5,145,000</u>	<u>\$ 621,725</u>	<u>\$ 5,766,725</u>	<u>\$ 2,380,000</u>	<u>\$ 179,200</u>	<u>\$ 2,559,200</u>

Fiscal Year Ending June 30,	General Obligation Refunding Bonds - Series 2019					
	Current Interest Serial Bonds			Current Interest Term Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 205,000	\$ 513,917	\$ 718,917	\$ -	\$ -	\$ -
2024	215,000	503,418	718,418	-	-	-
2025	225,000	492,417	717,417	-	-	-
2026	350,000	478,043	828,043	-	-	-
2027	365,000	460,167	825,167	-	-	-
2028-2032	1,620,000	1,308,984	2,928,984	2,930,000	720,030	3,650,030
2033-2037	5,045,000	638,135	5,683,135	3,465,000	347,325	3,812,325
2038	1,910,000	31,037	1,941,037	-	-	-
Total	<u>\$ 9,935,000</u>	<u>\$ 4,426,118</u>	<u>\$ 14,361,118</u>	<u>\$ 6,395,000</u>	<u>\$ 1,067,355</u>	<u>\$ 7,462,355</u>

Fiscal Year Ending June 30,	General Obligation Refunding Bonds - Series 2019					
	Capital Appreciation Bonds			Total - Series 2019		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ -	\$ -	\$ -	\$ 205,000	\$ 513,917	\$ 718,917
2024	-	-	-	215,000	503,418	718,418
2025	44,993	65,007	110,000	269,993	557,424	827,417
2026	-	-	-	350,000	478,043	828,043
2027	-	-	-	365,000	460,167	825,167
2028-2032	69,694	2,440,306	2,510,000	4,619,694	4,469,320	9,089,014
2033-2037	-	-	-	8,510,000	985,460	9,495,460
2038	-	-	-	1,910,000	31,037	1,941,037
Total	<u>\$ 114,687</u>	<u>\$ 2,505,313</u>	<u>\$ 2,620,000</u>	<u>\$ 16,444,687</u>	<u>\$ 7,998,786</u>	<u>\$ 24,443,473</u>

**D. Legal Debt Margins**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District.

The assessed valuation used in determining the District's legal debt margins has been modified by House Bill 530, which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculations excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations.

The effects of these debt limitations at June 30, 2022 are a legal voted debt margin of \$27,337,365 (including available funds of \$3,711,226), and a legal unvoted debt margin of \$531,009.

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 10 - RISK MANAGEMENT**

- A. The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions, injuries to employees and natural disasters. During fiscal year 2022, the District purchased commercial coverage for property and general liability insurance from the American Family Home Insurance Company including boilers and machinery valued at \$107,472,907 with a \$1,000,000 single occurrence limit and a \$5,000 deductible.

Professional liability is protected by American Family Home Insurance Company with a \$2,000,000 annual aggregate/\$1,000,000 single occurrence limit and a \$1,000 per claim deductible. Vehicles are also covered by American Family Home Insurance Company and hold a \$500 deductible for comprehensive and a \$500 deductible for collision. The district also carries an umbrella policy with American Family Home Insurance Company with a \$2,000,000 annual aggregate as well as a \$2,000,000 single occurrence limit.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal 2022.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 11. As such, no funding provisions are required by the District.

**B. Workers' Compensation**

For fiscal year 2022, the District participated in the Sheakley UniServe Workers' Compensation Group Retrospective Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. Under the GRP, the participating districts continues to pay their own individual premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating districts receive either a premium refund or an assessment. The participating districts pay an experience- or base-rated premium under the same terms as if they were not in a retrospective group. The group-retrospective premiums are recalculated twelve months after the end of the policy year and the recalculated premium is compared to the standard premium. If the retrospective premium is lower than the standard premium, the participating districts receive a refund. If the retrospective premium is higher than the standard premium, the participating districts are charged an assessment. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniServe provides administrative, cost control and actuarial services to the GRP.

**NOTE 11 - 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/asset and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

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

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

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

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

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

Age and service requirements for retirement are as follows:

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

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

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2021, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2022.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% 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 10.00% for plan members and 14.00% 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 14.00%. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$893,864 for fiscal year 2022. Of this amount, \$139,285 is reported as intergovernmental payable.

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

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% 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% to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five 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 of their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.



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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

The District's contractually required contribution to STRS was \$2,589,976 for fiscal year 2022. Of this amount, \$420,480 is reported as intergovernmental payable.

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

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.15558860%	0.14638413%	
Proportion of the net pension liability current measurement date	<u>0.16281210%</u>	<u>0.14618906%</u>	
Change in proportionate share	<u>0.00722350%</u>	<u>-0.00019507%</u>	
Proportionate share of the net pension liability	\$ 6,007,294	\$ 18,691,585	\$ 24,698,879
Pension expense	\$ 85,004	\$ 301,904	\$ 386,908

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 579	\$ 577,478	\$ 578,057
Changes of assumptions	126,496	5,185,381	5,311,877
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	314,870	375,015	689,885
Contributions subsequent to the measurement date	<u>893,864</u>	<u>2,589,976</u>	<u>3,483,840</u>
Total deferred outflows of resources	<u>\$ 1,335,809</u>	<u>\$ 8,727,850</u>	<u>\$ 10,063,659</u>
	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 155,794	\$ 117,157	\$ 272,951
Net difference between projected and actual earnings on pension plan investments	3,093,931	16,108,568	19,202,499
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>-</u>	<u>108,817</u>	<u>108,817</u>
Total deferred inflows of resources	<u>\$ 3,249,725</u>	<u>\$ 16,334,542</u>	<u>\$ 19,584,267</u>

\$3,483,840 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 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	\$ (545,967)	\$ (2,422,588)	\$ (2,968,555)
2024	(576,538)	(2,173,445)	(2,749,983)
2025	(735,625)	(2,380,285)	(3,115,910)
2026	<u>(949,650)</u>	<u>(3,220,350)</u>	<u>(4,170,000)</u>
Total	<u>\$ (2,807,780)</u>	<u>\$ (10,196,668)</u>	<u>\$ (13,004,448)</u>

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Actuarial Assumptions - SERS***

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

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

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

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

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.50%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.50% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.50%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2021, Mortality rates 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% for males and set forward 2 years and adjusted 81.35% 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% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	(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 was calculated using the discount rate of 7.00%. 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%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net pension liability	\$ 9,994,662	\$ 6,007,294	\$ 2,644,573

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Actuarial Assumptions - STRS*

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50%	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.45%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.45%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2021, actuarial valuation, post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. 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 the rates 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 Ohio'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 pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table represents the net pension liability as of June 30, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 35,002,343	\$ 18,691,585	\$ 4,909,029

**Changes Between Measurement Date and Reporting Date** - STRS approved a one-time 3.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2022. It is unknown what the effect this change will have on the net pension liability.

**NOTE 12 - DEFINED BENEFIT OPEB PLANS**

**Net OPEB Liability/Asset**

See Note 11 for a description of the net OPEB liability (asset).

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

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

**EDGEWOOD CITY SCHOOL DISTRICT  
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**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2022, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the District's surcharge obligation was \$104,967.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$104,967 for fiscal year 2022. Of this amount, \$104,967 is reported as intergovernmental payable.

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

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2021, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.15676840%	0.14638413%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.16643570%</u>	<u>0.14618906%</u>	
Change in proportionate share	<u>0.00966730%</u>	<u>-0.00019507%</u>	
Proportionate share of the net OPEB liability	\$ 3,149,932	\$ -	\$ 3,149,932
Proportionate share of the net OPEB asset	\$ -	\$ (3,082,277)	\$ (3,082,277)
OPEB expense	\$ (17,626)	\$ (162,581)	\$ (180,207)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 33,576	\$ 109,752	\$ 143,328
Changes of assumptions	494,152	196,883	691,035
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	221,205	138,514	359,719
Contributions subsequent to the measurement date	<u>104,967</u>	<u>-</u>	<u>104,967</u>
Total deferred outflows of resources	<u>\$ 853,900</u>	<u>\$ 445,149</u>	<u>\$ 1,299,049</u>

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 1,568,807	\$ 564,734	\$ 2,133,541
Net difference between projected and actual earnings on OPEB plan investments	68,432	854,354	922,786
Changes of assumptions	431,358	1,838,809	2,270,167
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>70,364</u>	<u>99</u>	<u>70,463</u>
Total deferred inflows of resources	<u>\$ 2,138,961</u>	<u>\$ 3,257,996</u>	<u>\$ 5,396,957</u>

\$104,967 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2023.



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**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Fiscal Year Ending June 30:	SERS	STRS	Total
2023	\$ (342,729)	\$ (789,198)	\$ (1,131,927)
2024	(343,208)	(767,822)	(1,111,030)
2025	(324,372)	(780,404)	(1,104,776)
2026	(257,481)	(357,237)	(614,718)
2027	(111,908)	(120,965)	(232,873)
Thereafter	(10,330)	2,779	(7,551)
Total	\$ (1,390,028)	\$ (2,812,847)	\$ (4,202,875)

***Actuarial Assumptions - SERS***

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021 are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	1.92%
Prior measurement date	2.45%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	2.27%
Prior measurement date	2.63%
Medical trend assumption:	
Current measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

In 2021, Mortality rates 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% for males and set forward 2 years and adjusted 81.35% 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% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

**EDGEWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 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%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

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 discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27%. The discount rate used to measure total OPEB liability prior to June 30, 2021 was 2.63%. 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% of projected covered payroll each year, which includes a 1.50% 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% at June 30, 2021 and 2.45% at June 30, 2020.

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 3,903,147	\$ 3,149,932	\$ 2,548,210

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,425,190	\$ 3,149,932	\$ 4,117,966

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation, compared with June 30, 2020, are presented below:

	June 30, 2021		June 30, 2020	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.00%	4.00%	5.00%	4.00%
Medicare	-16.18%	4.00%	-6.69%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	6.50%	4.00%
Medicare	29.98%	4.00%	11.87%	4.00%

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

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

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

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

**Assumption Changes Since the Prior Measurement Date** - The discount rate was adjusted to 7.00% from 7.45% for the June 30, 2021 valuation.

**Benefit Term Changes Since the Prior Measurement Date** - The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. 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 CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 2,600,965	\$ 3,082,277
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 3,468,049	\$ 3,082,277	\$ 2,605,234

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 13 - BUDGETARY BASIS OF ACCOUNTING**

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out other sources/uses are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ (829,722)
Net adjustment for revenue accruals	811,429
Net adjustment for expenditure accruals	(164,183)
Net adjustment for other sources/uses	(968,111)
Funds budgeted elsewhere	(38,166)
Adjustment for encumbrances	370,755
GAAP basis	\$ (817,998)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the special trust fund, the uniform school supplies fund and the public school support fund.

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 14 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is not involved in any pending litigation that would have a material effect on the financial condition of the District.

**C. Foundation Funding**

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2022 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

**NOTE 15 - 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, 2021 while the national state of emergency continues. During fiscal year 2022, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

**NOTE 16 - SET-ASIDES**

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

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 16 - SET-ASIDES - (Continued)**

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2021	\$ -
Current year set-aside requirement	659,060
Current year offsets	<u>(659,060)</u>
Total	<u>\$ -</u>
Balance carried forward to fiscal year 2023	<u>\$ -</u>
Set-aside balance June 30, 2022	<u>\$ -</u>

The District is responsible for tracking the amount of bond proceeds that may be used as an offset in future periods, which was \$50,229,546 at June 30, 2022.

**NOTE 17 - OTHER COMMITMENTS**

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

	<u>Year-End Encumbrances</u>
<u>Fund Type</u>	
General fund	\$ 330,265
Other governmental	<u>1,710,475</u>
Total	<u>\$ 2,040,740</u>

**NOTE 18 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS**

The City of Edgewood provides tax abatements through Enterprise Zone agreements. Under the agreements, various businesses receive the abatement of property taxes in exchange for bringing jobs and economic development to the City. The agreements affect the property tax receipts collected and distributed to the District. Under the agreements, the District's property taxes were reduced by \$6,122 during fiscal year 2022.



REQUIRED SUPPLEMENTARY INFORMATION

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.16281210%	0.15558860%	0.15249110%	0.15393170%
District's proportionate share of the net pension liability	\$ 6,007,294	\$ 10,290,958	\$ 9,123,810	\$ 8,815,954
District's covered payroll	\$ 5,543,157	\$ 5,659,250	\$ 5,165,911	\$ 4,846,948
District's proportionate share of the net pension liability as a percentage of its covered payroll	108.37%	181.84%	176.62%	181.89%
Plan fiduciary net position as a percentage of the total pension liability	82.86%	68.55%	70.85%	71.36%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
0.15701660%	0.15362430%	0.14494090%	0.14209100%	0.14209100%
\$ 9,381,395	\$ 11,243,881	\$ 8,270,468	\$ 7,191,145	\$ 8,449,696
\$ 4,420,421	\$ 5,046,350	\$ 4,363,475	\$ 4,128,882	\$ 3,802,132
212.23%	222.81%	189.54%	174.17%	222.24%
69.50%	62.98%	69.16%	71.70%	65.52%

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.14618906%	0.14638413%	0.14467735%	0.14383583%
District's proportionate share of the net pension liability	\$ 18,691,585	\$ 35,419,751	\$ 31,994,527	\$ 31,626,270
District's covered payroll	\$ 18,161,400	\$ 17,861,621	\$ 16,988,250	\$ 16,684,193
District's proportionate share of the net pension liability as a percentage of its covered payroll	102.92%	198.30%	188.33%	189.56%
Plan fiduciary net position as a percentage of the total pension liability	87.78%	75.48%	77.40%	77.31%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
0.13924975%	0.13587393%	0.13086982%	0.13003328%	0.13003328%
\$ 33,079,077	\$ 45,481,100	\$ 36,168,590	\$ 31,628,594	\$ 37,675,774
\$ 15,389,921	\$ 14,405,436	\$ 13,877,457	\$ 13,285,808	\$ 12,970,077
214.94%	315.72%	260.63%	238.06%	290.48%
75.30%	66.80%	72.10%	74.70%	69.30%

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 893,864	\$ 776,042	\$ 792,295	\$ 697,398
Contributions in relation to the contractually required contribution	<u>(893,864)</u>	<u>(776,042)</u>	<u>(792,295)</u>	<u>(697,398)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,384,743	\$ 5,543,157	\$ 5,659,250	\$ 5,165,911
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 654,338	\$ 618,859	\$ 706,489	\$ 575,106	\$ 572,263	\$ 526,215
<u>(654,338)</u>	<u>(618,859)</u>	<u>(706,489)</u>	<u>(575,106)</u>	<u>(572,263)</u>	<u>(526,215)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,846,948	\$ 4,420,421	\$ 5,046,350	\$ 4,363,475	\$ 4,128,882	\$ 3,802,132
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 2,589,976	\$ 2,542,596	\$ 2,500,627	\$ 2,378,355
Contributions in relation to the contractually required contribution	<u>(2,589,976)</u>	<u>(2,542,596)</u>	<u>(2,500,627)</u>	<u>(2,378,355)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 18,499,829	\$ 18,161,400	\$ 17,861,621	\$ 16,988,250
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 2,335,787	\$ 2,154,589	\$ 2,016,761	\$ 1,942,844	\$ 1,727,155	\$ 1,686,110
<u>(2,335,787)</u>	<u>(2,154,589)</u>	<u>(2,016,761)</u>	<u>(1,942,844)</u>	<u>(1,727,155)</u>	<u>(1,686,110)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 16,684,193	\$ 15,389,921	\$ 14,405,436	\$ 13,877,457	\$ 13,285,808	\$ 12,970,077
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net OPEB liability	0.16643570%	0.15676840%	0.15530080%	0.15534340%
District's proportionate share of the net OPEB liability	\$ 3,149,932	\$ 3,407,090	\$ 3,905,489	\$ 4,309,646
District's covered payroll	\$ 5,543,157	\$ 5,659,250	\$ 5,165,911	\$ 4,846,948
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	56.83%	60.20%	75.60%	88.91%
Plan fiduciary net position as a percentage of the total OPEB liability	24.08%	18.17%	15.57%	13.57%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>
0.15911720%	0.15515164%
\$ 4,270,288	\$ 4,422,396
\$ 4,420,421	\$ 5,046,350
96.60%	87.64%
12.46%	11.49%

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net OPEB liability/asset	0.14618906%	0.14638413%	0.14467735%	0.14383583%
District's proportionate share of the net OPEB liability/(asset)	\$ (3,082,277)	\$ (2,572,700)	\$ (2,396,204)	\$ (2,311,295)
District's covered payroll	\$ 18,161,400	\$ 17,861,621	\$ 16,988,250	\$ 16,684,193
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	(16.97%)	(14.40%)	(14.11%)	(13.85%)
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.73%	182.10%	174.40%	176.00%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>
0.13924975%	0.13587393%
\$ 5,433,011	\$ 7,266,573
\$ 15,389,921	\$ 14,405,436
35.30%	50.44%
47.10%	37.30%

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 104,967	\$ 102,315	\$ 78,550	\$ 116,063
Contributions in relation to the contractually required contribution	<u>(104,967)</u>	<u>(102,315)</u>	<u>(78,550)</u>	<u>(116,063)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 6,384,743	\$ 5,543,157	\$ 5,659,250	\$ 5,165,911
Contributions as a percentage of covered payroll	1.64%	1.85%	1.39%	2.25%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 104,515	\$ 85,713	\$ 76,235	\$ 106,966	\$ 72,215	\$ 64,839
<u>(104,515)</u>	<u>(85,713)</u>	<u>(76,235)</u>	<u>(106,966)</u>	<u>(72,215)</u>	<u>(64,839)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,846,948	\$ 4,420,421	\$ 5,046,350	\$ 4,363,475	\$ 4,128,882	\$ 3,802,132
2.16%	1.94%	1.51%	2.45%	1.75%	1.71%

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 18,499,829	\$ 18,161,400	\$ 17,861,621	\$ 16,988,250
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ -	\$ -	\$ -	\$ -	\$ 135,879	\$ 129,701
-	-	-	-	(135,879)	(129,701)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 16,684,193	\$ 15,389,921	\$ 14,405,436	\$ 13,877,457	\$ 13,285,808	\$ 12,970,077
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PENSION

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.

(Continued)

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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PENSION (CONTINUED)

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*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.

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OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2022.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table.

(Continued)

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. 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 CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY**

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

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster			
National School Lunch Program - Food Commodities	10.555	N/A	150,776
School Breakfast Program	10.553	05-PU	396,311
National School Lunch Program	10.555	LLP4	1,678,632
COVID-19 National School Lunch Program	10.555	FFP4	124,623
Total Child Nutrition Cluster			<u>2,350,342</u>
COVID-19 Pandemic EBT Administrative Costs	10.649		<u>3,063</u>
Total U.S. Department of Agriculture			<u><b>2,353,405</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	C1S1	415,717
Special Education Cluster:			
Special Education Grants to States	84.027	6BSF	771,624
COVID 19 ARP Special Education Grants to States	84.027X		85,304
Special Education Preschool Grants	84.173	PGS1	17,574
COVID 19 ARP Special Education Preschool Grants	84.173X		12,930
Total Special Education Cluster			<u>887,432</u>
Supporting Effective Instruction State Grants	84.367	TRS1	138,685
Student Support and Academic Enrichment Program	84.424	3HI0	32,119
Education Stabilization Fund			
COVID-19 ESSER I and II Fund	84.425D	3HS0	749,475
COVID-19 ARP ESSER Fund	84.425U		1,379,830
COVID-19 ARP-HCY Fund	84.425W		13,007
Total Education Stabilization Fund			<u>2,142,312</u>
Total U.S. Department of Education			<u><b>3,616,265</b></u>
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed Through Ohio Department of Education</i>			
COVID-19 Coronavirus Relief Fund	21.019	5CV1	<u>2,920</u>
Total U.S. Department of Treasury			<u><b>2,920</b></u>
<b>Total Expenditures of Federal Awards</b>			<u><u><b>\$5,972,590</b></u></u>

The accompanying notes are an integral part of this schedule.

**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY**

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

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Edgewood City 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**

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.

**NOTE F - MATCHING REQUIREMENTS**

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

# OHIO AUDITOR OF STATE KEITH FABER



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

Edgewood City School District  
Butler County  
3500 Busenbark Road  
Trenton, Ohio 45067

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Edgewood City School District, Butler County, (the School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 16, 2023 wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
March 16, 2023



# OHIO AUDITOR OF STATE KEITH FABER



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

Edgewood City School District  
Butler County  
3500 Busenbark Road  
Trenton, Ohio 45067

To the Board of Education:

### Report on Compliance for Each Major Federal Program

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

We have audited Edgewood City School District's, Butler County, (School 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 Edgewood City School District's major federal programs for the year ended June 30, 2022. Edgewood City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Edgewood City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each 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 School 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 each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

#### *Responsibilities of Management for Compliance*

The School 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 School 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 School 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 School 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 School 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 School 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 School 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 16, 2023

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**EDGEWOOD CITY SCHOOL DISTRICT  
BUTLER COUNTY**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

<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>	No
<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>	10.553 & 10.555 Child Nutrition Cluster 84.425D: Elementary and Secondary School Emergency Relief Fund (ESSER)
<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**

None noted.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None noted.



# OHIO AUDITOR OF STATE KEITH FABER



**EDGEWOOD CITY SCHOOL DISTRICT**

**BUTLER 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 3/28/2023**

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)