



OHIO AUDITOR OF STATE  
**KEITH FABER**





**WILLOUGHBY-EASTLAKE CITY SCHOOL DISTRICT  
LAKE COUNTY**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Willoughby-Eastlake City School District  
Lake County  
35353 Curtis Boulevard  
Eastlake, Ohio 44095

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Willoughby-Eastlake City School District, Lake County, Ohio (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Willoughby-Eastlake City School District, Lake County, Ohio, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

February 26, 2021

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**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(Unaudited)*

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The discussion and analysis of the Willoughby-Eastlake City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

***Financial Highlights***

Key financial highlights for 2020 are as follows:

- Net position decreased \$19,417,531, which represents a 27 percent decrease from 2019.
- Capital assets increased \$7,256,197 during fiscal year 2020.
- During the fiscal year, outstanding debt decreased from \$169,640,000 to \$166,042,452.

***Using this Annual Report***

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Willoughby-Eastlake City School District as a whole 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 School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Willoughby-Eastlake City School District, the general fund, debt service fund and building fund are the most significant funds.

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

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

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2020?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all (non-fiduciary) assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the *Statement of Net Position* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and operation of non-instructional services, i.e., food service operations.

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

***Fund Financial Statements***

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

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

***Proprietary Fund*** Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits and warehouse service programs. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements.

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

The School District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in custodial funds. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

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**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2020 compared to 2019:

**Table 1**  
**Net Position**

	Governmental Activities		
	2020	Restated 2019	Change
<b>Assets</b>			
Current and Other Assets	\$ 109,367,639	\$ 128,133,308	\$ (18,765,669)
Net OPEB Asset	6,932,673	6,620,530	312,143
Capital Assets	178,904,165	171,647,968	7,256,197
<i>Total Assets</i>	<u>295,204,477</u>	<u>306,401,806</u>	<u>(11,197,329)</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charges on Refunding	5,991,192	1,742,162	4,249,030
Pension & OPEB	28,756,115	36,658,029	(7,901,914)
<i>Total Deferred Outflows of Resources</i>	<u>34,747,307</u>	<u>38,400,191</u>	<u>(3,652,884)</u>
<b>Liabilities</b>			
Other Liabilities	14,627,527	24,281,491	(9,653,964)
Long-Term Liabilities:			
Due Within One Year	13,963,981	4,762,144	9,201,837
Due in More Than One Year			
Pension & OPEB	130,331,599	130,135,581	196,018
Other Amounts	172,918,816	181,400,438	(8,481,622)
<i>Total Liabilities</i>	<u>331,841,923</u>	<u>340,579,654</u>	<u>(8,737,731)</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes and Other	69,918,909	56,345,038	13,573,871
Pension & OPEB	18,312,187	18,581,009	(268,822)
<i>Total Deferred Inflows of Resources</i>	<u>88,231,096</u>	<u>74,926,047</u>	<u>13,305,049</u>
<b>Net Position</b>			
Net Investment in Capital Assets	18,722,587	12,576,238	6,146,349
Restricted	13,822,812	28,164,790	(14,341,978)
Unrestricted	(122,666,634)	(111,444,732)	(11,221,902)
<i>Total Net Position</i>	<u>\$ (90,121,235)</u>	<u>\$ (70,703,704)</u>	<u>\$ (19,417,531)</u>

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The net pension liability (NPL) is one of the largest liabilities reported by the School District at June 30, 2020 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, the School District also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School 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 the 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/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 asset/liability to equal the School 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 School District is not responsible for certain key factors affecting the balance of these assets/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. For STRS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset for fiscal year 2020 that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

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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 reported by the retirement boards. 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 School 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 asset/liability, respectively, not accounted for as deferred inflows/outflows.

At year end, capital assets represented 61 percent of total assets. Capital assets include land, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets was \$18,722,587 at June 30, 2020. These capital assets are used to provide services to students and are not available for future spending. Although the School 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 School District's net position, \$13,822,812 represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position was a deficit of \$122,666,634.

Current and other assets decreased and capital assets increased during fiscal year 2020 as cash and investments were used for the ongoing construction and improvement projects that were completed during fiscal year 2020. The emergency property tax levy that passed in April 2020 caused an increase in property taxes receivable in anticipation of the revenue increase expected in fiscal year 2021. The School District also refunded debt during the current year, increasing deferred outflows of resources for deferred charges on refunding.

There was a decrease in other liabilities for contracts and retainage payable for the completed construction projects, as well as a decrease in accounts payable, which was primarily caused by the timing in which transportation fees were paid in fiscal year 2019. The increase in deferred inflows for property taxes was caused by an increase in property taxes receivable.

Long-term liabilities increased for amounts due within one year due to the upcoming payment of the School District's tax anticipation note in fiscal year 2021. There was also a significant change in net pension/OPEB liability/asset and related accruals for the School District. These fluctuations are due to changes in the actuarial liabilities/assets and related accruals that are passed through to the School District's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL/NOA and are described in more detail in their respective notes.

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Table 2 shows the changes in net position for fiscal years 2020 and 2019.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		
	2020	2019	Change
<b>Revenues</b>			
<i>Program Revenues:</i>			
Charges for Services and Sales	\$ 3,609,604	\$ 3,808,012	\$ (198,408)
Operating Grants, Contributions and Interest	12,012,986	9,820,678	2,192,308
Capital Grants	1,204,870	6,699,677	(5,494,807)
<i>Total Program Revenues</i>	<u>16,827,460</u>	<u>20,328,367</u>	<u>(3,500,907)</u>
<i>General Revenues and Extraordinary Item:</i>			
Property Taxes	76,357,982	65,338,189	11,019,793
Payment in Lieu of Taxes	177,571	228,462	(50,891)
Grants and Entitlements Not Restricted	22,774,963	25,614,146	(2,839,183)
Extraordinary Item	0	707,149	(707,149)
Other	1,182,960	925,813	257,147
<i>Total General Revenues</i>	<u>100,493,476</u>	<u>92,813,759</u>	<u>7,679,717</u>
<i>Total Revenues</i>	<u>117,320,936</u>	<u>113,142,126</u>	<u>4,178,810</u>
<b>Program Expenses</b>			
<i>Instruction:</i>			
Regular	57,407,407	35,058,575	22,348,832
Special	14,854,656	10,915,211	3,939,445
Vocational	2,863,753	2,329,645	534,108
Adult/Continuing	1,292,038	945,083	346,955
Student Intervention Services	20,905	3,800,748	(3,779,843)
Other	3,374,830	34,624	3,340,206
<i>Support Services:</i>			
Pupils	8,377,094	6,726,943	1,650,151
Instructional Staff	2,909,443	2,503,033	406,410
Board of Education	41,019	33,636	7,383
Administration	9,580,547	7,533,124	2,047,423
Fiscal	3,372,648	2,301,769	1,070,879
Business	741,410	953,943	(212,533)
Operation and Maintenance of Plant	8,421,156	4,112,674	4,308,482
Pupil Transportation	8,971,127	9,661,611	(690,484)
Central	2,679,629	1,901,466	778,163
<i>Operation of Non-Instructional Services:</i>			
Food Service Operations	2,889,869	2,949,285	(59,416)
Community Services	711,657	589,678	121,979
Other	17,930	25,469	(7,539)
Extracurricular Activities	1,497,779	1,508,705	(10,926)
<i>Debt Service:</i>			
Interest and Fiscal Charges	6,713,570	6,943,363	(229,793)
<i>Total Expenses</i>	<u>136,738,467</u>	<u>100,828,585</u>	<u>35,909,882</u>
<i>Increase (Decrease) in Net Position</i>	\$ (19,417,531)	\$ 12,313,541	(31,731,072)
<i>Net Position at Beginning of Year</i>	(70,703,704)	(83,407,222)	12,703,518
<i>Restatement, See Note 2.</i>	0	389,977	(389,977)
<i>Net Position at End of Year</i>	<u>\$ (90,121,235)</u>	<u>\$ (70,703,704)</u>	<u>\$ (19,417,531)</u>

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Operating grants increased due to an increase in State and Federal grants received, primarily for special education, vocational and adult education instruction. The School District saw a decrease in capital grants as contributions being received from the City of Willoughby for the construction of the Senior Center, a component of the ongoing building projects, declined with the completion of the construction. The decrease in grants and entitlements not restricted were caused by a reduction in State funding near the end of the fiscal year due to COVID-19 pandemic. The increase in property tax revenue was caused by a substantial increase in the amount available for advance due to the timing of when tax bills are sent by the County, combined with an increase in property tax valuation. In fiscal year 2019, the School District received net sale proceeds from the City of Willoughby related to land parcels, causing the decrease in extraordinary item in current year.

The changes in program expenses are primarily associated to changes in the School District's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 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 entitlements.

**Table 3**  
**Governmental Activities**

	Total Cost of Service		Net Cost of Service	
	2020	2019	2020	2019
Instruction:				
Regular	\$ 57,407,407	35,058,575	\$ 56,023,470	\$ 33,596,255
Special	14,854,656	10,915,211	11,576,462	5,442,378
Vocational	2,863,753	2,329,645	1,765,440	2,065,429
Adult/Continuing	1,292,038	945,083	52,291	(37,682)
Student Intervention Services	20,905	3,800,748	2,568	3,768,391
Other	3,374,830	34,624	3,365,304	24,109
Support Services:				
Pupils	8,377,094	6,726,943	8,301,017	6,685,009
Instructional Staff	2,909,443	2,503,033	2,375,356	2,134,381
Board of Education	41,019	33,636	41,019	33,636
Administration	9,580,547	7,533,124	8,997,712	6,924,345
Fiscal	3,372,648	2,301,769	3,372,648	65,699
Business	741,410	953,943	741,410	890,584
Operation and Maintenance of Plant	8,421,156	4,112,674	8,158,715	4,048,566
Pupil Transportation	8,971,127	9,661,611	5,701,664	9,301,620
Central	2,679,629	1,901,466	2,658,029	1,870,075
Operation of Non-Instructional Services:				
Food Service Operations	2,889,869	2,949,285	497,027	480,989
Community Services	711,657	589,678	(897,051)	(4,433,058)
Other	17,930	25,469	59	(2,182)
Extracurricular Activities	1,497,779	1,508,705	1,108,464	1,346,702
Debt Service:				
Interest and Fiscal Charges	6,713,570	6,943,363	6,069,403	6,294,972
<i>Total Expenses</i>	<u>\$ 136,738,467</u>	<u>\$ 100,828,585</u>	<u>\$ 119,911,007</u>	<u>\$ 80,500,218</u>

**Willoughby-Eastlake City School District**  
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*Management's Discussion and Analysis*  
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*(Unaudited)*

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The dependence upon general revenues for governmental activities is apparent. Nearly 88 percent of governmental activities are supported through taxes and other general revenues; such revenues are 86 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

Table 3 has not been updated for the restatement reported. Any difference is deemed immaterial for comparability purposes.

***Governmental Funds***

The School District's major funds are accounted for using the modified accrual basis of accounting.

The general fund's net change in fund balance for fiscal year 2020 was a decrease of \$4,532,288. This was caused by annual operations coupled with an increase in payroll related expenses.

The debt service fund's net change in fund balance for fiscal year 2020 was an increase of \$232,633.

The building fund's net change in fund balance for fiscal year 2020 was a decrease of \$17,884,759. This was due to continued capital outlay relating to the new school buildings projects. The debt proceeds for the building project were received in prior fiscal years.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2020, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

***Original Budget Compared to Final Budget*** During the year, the School District amended its original estimated revenues and other financing sources to more accurately reflect the decrease in State funding that occurred near the end of the fiscal year due to COVID-19 pandemic. The original budgeted appropriations and other financing uses were decreased in correlation with the decreased funding available.

***Final Budget Compared to Actual Results*** A review of actual revenues and other financing sources and expenditures and other financing uses compared to the resources and appropriations in the final budget yields no significant variances.



**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(Unaudited)*

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**Capital Assets and Debt Administration**

**Capital Assets**

Table 4 shows fiscal year 2020 balances compared with 2019.

**Table 4**  
**Capital Assets at June 30**  
**(Net of Depreciation)**

	Governmental Activities	
	2020	2019
Land	\$ 4,994,357	\$ 934,224
Construction in Progress	0	101,413,043
Buildings and Improvements	171,387,174	66,689,780
Furniture and Equipment	1,831,713	1,773,112
Vehicles	690,921	837,809
<i>Totals</i>	<u>\$ 178,904,165</u>	<u>\$ 171,647,968</u>

The increase in capital assets was attributable to additional purchases exceeding current year depreciation and disposals, primarily related to the Phase I and II facilities projects that were completed in fiscal year 2020. See Note 8 for more information about the capital assets of the School District.

**Debt**

Table 5 summarizes notes, bonds, and certificates of participation outstanding. See Notes 14 and 15 for additional details.

**Table 5**  
**Outstanding Debt at Year End**

	Governmental Activities	
	2020	2019
QSCB Tax Anticipation Notes	\$ 8,625,000	\$ 8,625,000
LTGO Conservation Improvement Bonds	930,000	6,455,000
LTGO Conservation Refunding Bonds	4,550,000	0
School Improvement Bonds	85,280,000	113,175,000
School Improvement Refunding Bonds	26,737,452	0
Certificates of Participation	35,315,000	41,385,000
Refunding Certificates of Participation	4,605,000	0
<i>Total</i>	<u>\$ 166,042,452</u>	<u>\$ 169,640,000</u>

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2020*  
*(Unaudited)*

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***Current Issues***

The Board of Education and administration have implemented fiscal management disciplines that utilize a variety of formal plans to ensure financial stability. They are working within the five-year financial forecast, the five-year capital repair and renovation plan, and a five-year enrollment projection analysis. The community approved an \$8.5 million emergency levy in April 2020 for the period of 10 years. This provided some much needed financial stability to the School District.

As currently written, the State funding formula requires that community (charter) schools receive their funding through monthly deductions from school district funding allocations. For fiscal year 2020, the State deducted \$1,019,293 from the School District's funding and redirected it to the various local community (charter) schools.

Just as there have been revenue pressures, the School District has also had to contend with rising costs. One of the more significant cost increases the School District has had to contend with, outside of unfunded state mandates, has been health care. The School District, like all other employers, has been impacted by the continuing national trend of rapidly escalating employee benefit costs.

The current fiscal plan recognizes the following open issues that must be addressed within the next five years:

- Judicial or legislative action on school funding reform (HB 305)
- Funding of the School District technology plan
- Development and funding of a technology replacement schedule
- Funding the educational improvement plan
- Developing a capital improvement (maintenance) plan
- Updating the five-year forecast

The School District has committed itself to a fiscal discipline based on long-term plans as well as commitment to full disclosure of financial information and utilization of the highest standards of financial reporting. The School District's commitment to improve fiscal management has led to many budgeting, reporting and internal control enhancements and improvements.

The COVID-19 pandemic closed the School District's buildings in March 2020, causing all students to utilize home learning tools. Additional payroll expenses were incurred as 8 additional custodians were hired to assist in sanitizing efforts throughout the School District and the food service fund experienced a deficit balance. Traditional financial revenues and expenditures varied during the last three months of the fiscal year and will continue to vary in fiscal year 2021.

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

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Nick Ciarniello, Treasurer, Willoughby-Eastlake City School District, 35353 Curtis Blvd, Eastlake, OH 44095, or by email at [nick.ciarniello@weschools.org](mailto:nick.ciarniello@weschools.org).

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Statement of Net Position*  
*June 30, 2020*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 19,521,345
Cash and Investments Held with Trustee	8,270,402
Receivables:	
Accounts	449,891
Intergovernmental	1,464,142
Property Taxes	79,661,859
Net OPEB Asset	6,932,673
Nondepreciable Capital Assets	4,994,358
Depreciable Capital Assets (Net)	173,909,807
<i>Total Assets</i>	295,204,477
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	5,991,192
Pension	25,449,643
OPEB	3,306,472
<i>Total Deferred Outflows of Resources</i>	34,747,307
<b>Liabilities</b>	
Accounts Payable	630,981
Accrued Wages and Benefits	9,180,351
Contracts Payable	6,388
Intergovernmental Payable	2,876,415
Matured Compensated Absences Payable	41,679
Accrued Interest Payable	883,127
Claims Payable	1,008,586
Long Term Liabilities:	
Due Within One Year	13,963,981
Due In More Than One Year:	
Net Pension Liability	118,969,389
Net OPEB Liability	11,362,210
Other Amounts Due in More Than One Year	172,918,816
<i>Total Liabilities</i>	331,841,923
<b>Deferred Inflows of Resources</b>	
Property Taxes Levied for the Next Year	69,918,909
Pension	6,080,032
OPEB	12,232,155
<i>Total Deferred Inflows of Resources</i>	88,231,096
<b>Net Position</b>	
Net Investment in Capital Assets	18,722,587
Restricted For:	
Capital Outlay	1,924,488
Debt Service	10,020,061
Other Purposes	1,878,263
Unrestricted	(122,666,634)
<i>Total Net Position</i>	\$ (90,121,235)

See accompanying notes.

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2020

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions and Interest	Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$ 57,407,407	\$ 1,383,485	\$ 452	\$ 0	\$ (56,023,470)
Special	14,854,656	72,407	3,205,787	0	(11,576,462)
Vocational	2,863,753	228,152	870,161	0	(1,765,440)
Adult/Continuing	1,292,038	549,269	690,478	0	(52,291)
Student Intervention Services	20,905	0	18,337	0	(2,568)
Other	3,374,830	9,526	0	0	(3,365,304)
Support Services:					
Pupils	8,377,094	0	76,077	0	(8,301,017)
Instructional Staff	2,909,443	0	534,087	0	(2,375,356)
Board of Education	41,019	0	0	0	(41,019)
Administration	9,580,547	190,302	392,533	0	(8,997,712)
Fiscal	3,372,648	0	0	0	(3,372,648)
Business	741,410	0	0	0	(741,410)
Operation and Maintenance of Plant	8,421,156	375	0	262,066	(8,158,715)
Pupil Transportation	8,971,127	261	3,269,202	0	(5,701,664)
Central	2,679,629	0	21,600	0	(2,658,029)
Operation of Non-Instructional Services:					
Food Service Operations	2,889,869	883,930	1,508,912	0	(497,027)
Community Services	711,657	809	665,095	942,804	897,051
Other	17,930	17,871	0	0	(59)
Extracurricular Activities	1,497,779	273,217	116,098	0	(1,108,464)
Debt Service:					
Interest and Fiscal Charges	6,713,570	0	644,167	0	(6,069,403)
<b>Total</b>	<u>\$ 136,738,467</u>	<u>\$ 3,609,604</u>	<u>\$ 12,012,986</u>	<u>\$ 1,204,870</u>	<u>(119,911,007)</u>

**General Revenues**

Property Taxes Levied for:	
General Purposes	68,912,918
Debt Service	5,549,141
Capital Outlay	1,895,923
Payment in Lieu of Taxes	177,571
Grants and Entitlements Not Restricted to Specific Programs	22,774,963
Investment Earnings	579,477
Miscellaneous	603,483
<b>Total General Revenues</b>	<u>100,493,476</u>
<b>Change in Net Position</b>	(19,417,531)
<b>Net Position Beginning of Year (Restated, See Note 2)</b>	(70,703,704)
<b>Net Position End of Year</b>	<u>\$ (90,121,235)</u>

See accompanying notes.

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2020*

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Investments	\$ 9,338,313	\$ 5,609,395	\$ 1,628,417	\$ 2,040,472	\$ 18,616,597
Cash and Investments Held with Trustee	0	8,270,402	0	0	8,270,402
Receivables:					
Accounts	449,891	0	0	0	449,891
Interfund	520,376	0	0	0	520,376
Intergovernmental	231,418	0	0	1,232,724	1,464,142
Property Taxes	72,103,171	5,673,910	0	1,884,778	79,661,859
<i>Total Assets</i>	<u>\$ 82,643,169</u>	<u>\$ 19,553,707</u>	<u>\$ 1,628,417</u>	<u>\$ 5,157,974</u>	<u>\$ 108,983,267</u>
<b>Liabilities</b>					
Accounts Payable	\$ 279,248	\$ 0	\$ 219,135	\$ 129,020	\$ 627,403
Accrued Wages and Benefits	8,621,243	0	0	559,108	9,180,351
Contracts Payable	0	0	6,388	0	6,388
Intergovernmental Payable	2,662,893	0	0	213,522	2,876,415
Matured Compensated Absences Payable	41,679	0	0	0	41,679
Interfund Payable	0	0	0	520,376	520,376
<i>Total Liabilities</i>	<u>11,605,063</u>	<u>0</u>	<u>225,523</u>	<u>1,422,026</u>	<u>13,252,612</u>
<b>Deferred Inflows of Resources</b>					
Property Taxes Levied for the Next Year	63,284,678	4,979,969	0	1,654,262	69,918,909
Unavailable Revenue	2,065,685	117,335	0	878,475	3,061,495
<i>Total Deferred Inflows of Resources</i>	<u>65,350,363</u>	<u>5,097,304</u>	<u>0</u>	<u>2,532,737</u>	<u>72,980,404</u>
<b>Fund Balances</b>					
Nonspendable	8,974	0	0	0	8,974
Restricted	0	14,456,403	1,402,894	1,687,301	17,546,598
Committed	593,870	0	0	260,085	853,955
Assigned	2,918,271	0	0	0	2,918,271
Unassigned	2,166,628	0	0	(744,175)	1,422,453
<i>Total Fund Balances</i>	<u>5,687,743</u>	<u>14,456,403</u>	<u>1,402,894</u>	<u>1,203,211</u>	<u>22,750,251</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 82,643,169</u>	<u>\$ 19,553,707</u>	<u>\$ 1,628,417</u>	<u>\$ 5,157,974</u>	<u>\$ 108,983,267</u>

See accompanying notes.

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*June 30, 2020*

<b>Total Governmental Fund Balances</b>	\$	22,750,251
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		178,904,165
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Intergovernmental	\$ 973,128	
Charges and Other Fees	440,982	
Property Taxes	1,647,385	3,061,495
An internal service fund is used by management to charge the costs of insurance and other services to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		(107,416)
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(883,127)
In the statement of activities, a gain/loss on refunding is amortized over the term of the bonds, whereas in governmental funds a refunding gain/loss is reported when bonds are issued.		5,991,192
The net pension and OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:		
Net OPEB Asset	6,932,673	
Deferred Outflows - Pension	25,449,643	
Deferred Outflows - OPEB	3,306,472	
Net Pension Liability	(118,969,389)	
Net OPEB Liability	(11,362,210)	
Deferred Inflows - Pension	(6,080,032)	
Deferred Inflows - OPEB	(12,232,155)	(112,954,998)
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	(116,620,000)	
Capital Appreciation Bonds	(877,452)	
Accretion of Interest - Capital Appreciation Bonds	(135,906)	
Tax Anticipation Notes	(8,625,000)	
Bond Premium	(8,733,538)	
Certificates of Participation	(39,920,000)	
Certificates of Participation Premium	(647,982)	
Early Retirement Incentive	(820,696)	
Healthcare Termination Benefits	(1,120,257)	
Compensated Absences	(9,381,966)	(186,882,797)
<i>Net Position of Governmental Activities</i>	<b>\$</b>	<b>(90,121,235)</b>

See accompanying notes.

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2020*

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property and Other Local Taxes	\$ 68,710,163	\$ 5,564,000	\$ 0	\$ 1,890,932	\$ 76,165,095
Intergovernmental	25,708,212	139,449	0	8,484,561	34,332,222
Investment Income	395,231	184,246	254,565	1,703	835,745
Tuition and Fees	1,034,773	0	0	725,399	1,760,172
Extracurricular Activities	143,169	0	0	273,016	416,185
Rentals	206,067	0	0	0	206,067
Charges for Services	157,083	0	0	883,930	1,041,013
Contributions and Donations	83,202	0	950,303	24,513	1,058,018
Payments in Lieu of Taxes	177,571	0	0	0	177,571
Miscellaneous	593,757	0	106,402	46,272	746,431
<b>Total Revenues</b>	<b>97,209,228</b>	<b>5,887,695</b>	<b>1,311,270</b>	<b>12,330,326</b>	<b>116,738,519</b>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	43,390,985	0	0	15,391	43,406,376
Special	11,380,163	0	0	2,429,467	13,809,630
Vocational	1,857,756	0	0	781,551	2,639,307
Adult Education	0	0	0	1,220,308	1,220,308
Student Intervention Services	27,463	0	0	20,114	47,577
Other	3,059,032	0	0	3,331	3,062,363
Support Services:					
Pupils	7,542,899	0	0	83,014	7,625,913
Instructional Staff	2,031,871	0	0	334,889	2,366,760
Board of Education	41,019	0	0	0	41,019
Administration	7,815,311	0	0	540,426	8,355,737
Fiscal	2,334,196	59,742	7,232	24,039	2,425,209
Business	714,600	0	0	2,154	716,754
Operation and Maintenance of Plant	7,067,882	0	1,285,135	123,795	8,476,812
Pupil Transportation	8,421,103	0	0	347,098	8,768,201
Central	2,360,509	0	0	256,959	2,617,468
Extracurricular Activities	1,041,434	0	0	234,461	1,275,895
Operation of Non-Instructional Services:					
Food Service Operations	106,650	0	0	2,675,364	2,782,014
Community Services	118,991	0	0	526,523	645,514
Other	17,930	0	0	0	17,930
Capital Outlay	0	0	19,178,512	537,920	19,716,432
Debt Service:					
Principal Retirement	1,065,340	1,664,660	0	0	2,730,000
Interest and Fiscal Charges	638,559	6,271,455	5,286	0	6,915,300
Advance Refunding Escrow	0	1,250,000	0	0	1,250,000
<b>Total Expenditures</b>	<b>101,033,693</b>	<b>9,245,857</b>	<b>20,476,165</b>	<b>10,156,804</b>	<b>140,912,519</b>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(3,824,465)</i>	<i>(3,358,162)</i>	<i>(19,164,895)</i>	<i>2,173,522</i>	<i>(24,174,000)</i>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Sale of Capital Assets	22,177	0	0	0	22,177
Proceeds of Refunding Bonds Issued	0	31,287,452	0	0	31,287,452
Premium on Refunding Bonds Issued	0	5,139,137	0	0	5,139,137
Payment to Refunding Bonds Escrow Agent	0	(37,179,924)	0	0	(37,179,924)
Proceeds on Refunding Certificates of Participation Issued	0	4,605,000	0	0	4,605,000
Premium on Refunding Certificates of Participation Issued	0	658,965	0	0	658,965
Payment to Refunded Certificates of Participation Agent	0	(3,894,238)	0	0	(3,894,238)
Insurance Recoveries	0	0	1,280,136	0	1,280,136
Transfers In	0	2,974,403	0	730,000	3,704,403
Transfers Out	(730,000)	0	0	(2,974,403)	(3,704,403)
<b>Total Other Financing Sources (Uses)</b>	<b>(707,823)</b>	<b>3,590,795</b>	<b>1,280,136</b>	<b>(2,244,403)</b>	<b>1,918,705</b>
<b>Net Change in Fund Balance</b>	<b>(4,532,288)</b>	<b>232,633</b>	<b>(17,884,759)</b>	<b>(70,881)</b>	<b>(22,255,295)</b>
<b>Fund Balances Beginning of Year (Restated, See Note 2)</b>	<b>10,220,031</b>	<b>14,223,770</b>	<b>19,287,653</b>	<b>1,274,092</b>	<b>45,005,546</b>
<b>Fund Balances End of Year</b>	<b>\$ 5,687,743</b>	<b>\$ 14,456,403</b>	<b>\$ 1,402,894</b>	<b>\$ 1,203,211</b>	<b>\$ 22,750,251</b>

See accompanying notes.

**Willoughby-Eastlake City School District**  
**Lake 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, 2020*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	(22,255,295)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Asset Additions	\$ 20,387,280	
Current Year Depreciation	<u>(2,769,646)</u>	17,617,634
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(10,361,437)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property Taxes	192,887	
Charges and Other Fees	35,297	
Intergovernmental	<u>354,233</u>	582,417
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		2,730,000
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	9,685,522	
OPEB	<u>289,830</u>	9,975,352
Except for amount reported as deferred inflows/outflows, changes in the net pension and OPEB liabilities/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(18,781,450)	
OPEB	<u>1,289,131</u>	(17,492,319)
Issuance of certificates of participation and bonds results in other financing sources and uses in the governmental funds, but these transactions are reflected in the statement of net position as long-term liabilities.		
Payment to Bond Escrow Agent (net of \$23,259 Interest)	42,300,903	
General Obligation Bonds, Series 2020	(30,410,000)	
Certificates of Participation, Series 2020	(4,605,000)	
Capital Appreciation Bond	(877,452)	
Premium	<u>(5,798,102)</u>	610,349
In the statement of activities, interest is accrued on outstanding long-term debt and premium and gain/loss on refunding are amortized over the term of the debt, whereas in governmental funds, an interest expenditure is reported when debt is issued.		
Accrued Interest Payable	205,086	
Amortization of Refunding Loss	(128,441)	
Amortization of Premium on Bonds	<u>284,251</u>	360,896
The internal service fund used by management to charge the costs of insurance and other services to individual funds is not reported in the district-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		(1,217,784)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	(206,105)	
Healthcare Termination Benefits	195,669	
Early Retirement Incentive	<u>178,998</u>	168,562
Accretion on capital appreciation bonds is an expenditure in the governmental funds, but is allocated as an expense over the life of the bonds in the statement of activities.		
		<u>(135,906)</u>
<i>Change in Net Position of Governmental Activities</i>	<u>\$</u>	<u>(19,417,531)</u>

See accompanying notes.



**Willoughby-Eastlake City School District**  
**Lake County, Ohio**

*Statement of Revenues, Expenditures, and Changes in Fund Balance -  
Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2020*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues and Other Financing Sources	\$ 102,257,820	\$ 96,398,370	\$ 96,399,148	\$ 778
Expenditures and Other Financing Uses	<u>106,526,080</u>	<u>104,254,190</u>	<u>104,232,091</u>	<u>22,099</u>
Net Change in Fund Balance	(4,268,260)	(7,855,820)	(7,832,943)	22,877
<i>Fund Balance Beginning of Year</i>	11,960,441	11,960,441	11,960,441	0
Prior Year Encumbrances Appropriated	<u>2,211,690</u>	<u>2,211,690</u>	<u>2,211,690</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$ 9,903,871</u>	<u>\$ 6,316,311</u>	<u>\$ 6,339,188</u>	<u>\$ 22,877</u>

See accompanying notes.

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Fund*  
*June 30, 2020*

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	Governmental Activities - Internal Service Funds
<b>Assets</b>	
<i>Current Assets</i>	
Equity in Pooled Cash and Investments	\$ 904,748
<b>Liabilities</b>	
<i>Current Liabilities</i>	
Accounts Payable	3,578
Claims Payable	1,008,586
<i>Total Current Liabilities</i>	<u>1,012,164</u>
<b>Net Position</b>	
Unrestricted	<u>\$ (107,416)</u>

See accompanying notes.

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Statement of Revenues, Expenses, and Changes in Fund Net Position*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2020*

	Governmental Activities - Internal Service Funds
<b>Operating Revenues</b>	
Charges for Services	\$ 9,662,607
Other	20,792
<i>Total Operating Revenues</i>	9,683,399
<b>Operating Expenses</b>	
Fringe Benefits	125,342
Purchased Services	1,281,076
Claims	9,447,146
Other	47,619
<i>Total Operating Expenses</i>	10,901,183
<i>Operating Loss</i>	(1,217,784)
<i>Net Position Beginning of Year</i>	1,110,368
<i>Net Position End of Year</i>	\$ (107,416)

See accompanying notes.

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Fund*  
For the Fiscal Year Ended June 30, 2020

	<u>Governmental Activities - Internal Service Funds</u>
<b>Cash Flows From Operating Activities</b>	
Cash Received from Customers	\$ 9,662,607
Other Cash Receipts	20,792
Cash Paid for Goods and Services	(1,277,498)
Cash Paid for Employee Benefits	(125,342)
Cash Paid for Claims	(9,307,403)
Other Cash Payments	(47,619)
<i>Net Cash Used By Operating Activities</i>	<u>(1,074,463)</u>
 <i>Net Decrease in Cash and Investments</i>	 (1,074,463)
 <i>Cash and Investments, Beginning of Year</i>	 <u>1,979,211</u>
 <i>Cash and Investments, End of Year</i>	 <u>\$ 904,748</u>
 <b>Reconciliation of Operating Loss to Net Cash Used By Operating Activities</b>	
Operating Loss	\$ (1,217,784)
Adjustments:	
Increase (Decrease) in Liabilities:	
Accounts Payable	3,578
Claims Payable	139,743
<i>Total Adjustments</i>	<u>143,321</u>
<i>Net Cash Used By Operating Activities</i>	<u>\$ (1,074,463)</u>

See accompanying notes.

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Statement of Fiduciary Net Position*  
*Custodial Funds*  
*June 30, 2020*

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	<u>Custodial</u>
<b>Assets</b>	
Equity in Pooled Cash and Investments	<u>\$ 5,040</u>
<b>Net Position</b>	
Restricted for Individuals, Organizations and Other Governments	<u>5,040</u>
<i>Total Net Position</i>	<u><u>\$ 5,040</u></u>

See accompanying notes.

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Custodial Funds*  
*For the Fiscal Year Ended June 30, 2020*

	Custodial
<b>Additions</b>	
Extracurricular Amounts Collected for Other Governments	\$ 11,627
Other Collections for Other Governments	4,064,704
<i>Total Additions</i>	4,076,331
 <b>Deductions</b>	
Distributions to Ohio High School Athletic Association	11,295
Distributions to Other Governments	4,064,704
<i>Total Deductions</i>	4,075,999
 <i>Change in Net Position</i>	 332
 <i>Net Position Beginning of Year (Restated, See Note 2)</i>	 4,708
 <i>Net Position End of Year</i>	 \$ 5,040

See accompanying notes.

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

Willoughby-Eastlake City School District (the “School District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally elected five-member board and provides educational services as mandated by State and federal agencies. The Board controls the School District’s 13 instructional facilities, staffed by non-certified employees and certified full-time teaching and support personnel who provide services to students and other community members.

The School District is located in Lake County, Ohio and includes the cities of Willoughby, Eastlake, Willoughby Hills and Willowick and the villages of Lakeline, Timberlake, and Waite Hill.

***Reporting Entity***

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

*Non-Public Schools* – Within the School District boundaries, there are various non-public schools. Current State legislation provides funding to these parochial schools. These monies are received and disbursed by the School District on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. These transactions are reported as a governmental activity on the financial statements of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; (3) the School District is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or (4) the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District participates in two jointly governed organizations and a related organization. These organizations are the Northwest Ohio Computer Association (NWOCA), the Ohio Schools Council and the Willoughby-Eastlake Public Library. These organizations are discussed in Notes 17 and 18 to the basic financial statements.

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

The basic financial statements of the School 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 entity for establishing governmental accounting and financial reporting principles. The School District’s significant accounting policies are described below.

***Basis of Presentation***

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

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

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

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

***Fund Accounting***

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

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

***General Fund*** The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available 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 and payment of general obligation bond principal and interest and certain long-term obligations from governmental resources when the government is obligated in some manner for payment.



**Willoughby-Eastlake City School District**  
**Lake County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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***Building Fund*** The building fund is used to account for the receipts and expenditures related to the construction and renovations of facilities of the School District being financed through debt proceeds.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

***Proprietary Funds*** Proprietary funds focus on the determination of operating income, changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The School District's only proprietary funds are internal service funds.

***Internal Service Funds*** The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District utilizes internal service funds to account for the operation of the School District's self-insurance program, for employee medical, surgical, prescription drug and dental benefits and warehouse services.

***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 School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust fund, which accounts for several scholarship programs for students. The School District's custodial funds account for Ohio High School Athletic Association tournaments and the local YMCA construction project in which the School District is serving as the construction manager as part of a multi-entity construction project.

***Measurement Focus***

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

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

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the fund are included on the Statement of Fund Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its internal service fund activity.

The statement of changes in fiduciary net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of changes in fiduciary net position reports additions to and deductions from custodial funds.

***Basis of Accounting***

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from 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/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, for pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue may include delinquent property taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. (See Notes 11 and 12).

***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense 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.

***Budgetary Process***

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

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

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

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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***Cash and Investments***

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “equity in pooled cash and investments.”

During fiscal year 2020, investments were limited to federal securities, corporate bonds, money market funds and STAR Ohio.

During fiscal year 2020, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized basis that provides an NAV per share that approximates fair value.

For the fiscal year 2020, 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 \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings (including fair market value adjustments for investments). Interest receipts credited to the General Fund during fiscal year 2020 was \$395,231, which includes \$180,448 assigned from other School District funds. Negative investment earnings may result from adjustments related to fair market value changes of investments.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as “equity in pooled cash and investments.” Investments with an original maturity of more than three months that are not made from the pool are reported as “investments”.

***Capital Assets***

The School District’s only capital assets are general capital assets.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. The School District was able to estimate the historical cost for the initial reporting of assets by back trending (i.e., estimating the current replacement cost of the asset to be capitalized and using appropriate price-level index to deflate the cost to acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition value as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not.

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

Description	Estimated Lives
Buildings and Improvements	20 - 99 years
Furniture and Equipment	10 - 15 years
Vehicles	5 - 15 years

***Interfund Balances***

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

***Compensated Absences***

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

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

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

On the governmental fund statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. When applicable, these amounts are recorded in the account “matured compensated absences payable” in the funds from which the employee will be paid.

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

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pension/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.

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund 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, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB asset/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.

***Net Position***

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. 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 their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. At June 30, 2020, none of the School District's net position was restricted by enabling legislation.

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

***Fund Balance***

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

*Nonspendable* – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

***Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self-insurance programs and warehouse shipments. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the funds. All revenues and expenses not meeting these definitions are reported as non-operating.

***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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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***Estimates***

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

***Implementation of New Accounting Principles***

For the fiscal year ended June 30, 2020, the School District implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 95 postpones the effective dates of certain provisions in the statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following statements are postponed by one year:

- Statement No. 84, *Fiduciary Activities*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*

Certain provisions in the following statements are postponed by one year:

- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following statement is postponed by 18 months:

- Statement No. 87, *Leases*

For the fiscal year ended June 30, 2020, the School District also implemented paragraphs 4 and 5 of Governmental Accounting Standards Board Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Paragraph 4 increases 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 government board typically would perform and paragraph 5 mitigates 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. The implementation of paragraphs 4 and 5 of this Statement did not have an effect on the financial statements of the School District.

For the fiscal year ended June 30, 2020, the School District has early implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* and GASB Statement No. 92 *Omnibus 2020*.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. The School District reviewed its funds for proper classification, and any fund reclassifications resulted in the restatement of the School District's financial statements (see below).



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GASB Statement No. 89 requires that interest costs 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. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the School District.

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 School District.

***Restatement of Net Position/Fund Balances***

The implementation of GASB 84 had the following effect on net position as reported June 30, 2019:

	Governmental Activities
Net Position, June 30, 2019	\$ (71,093,681)
GASB Statement No. 84	389,977
Restated Net Position, June 30, 2019	\$ (70,703,704)

The implementation of GASB 84 had the following effect on fund balance as reported June 30, 2019:

	Other Governmental Funds
Fund Balance, June 30, 2019	\$ 884,115
GASB Statement No. 84	389,977
Restated Fund Balance, June 30, 2019	\$ 1,274,092

The implementation of GASB 84 had the following effect on fiduciary net position as reported June 30, 2019:

	Fiduciary Funds		
	Private Purpose Trust	Agency	Custodial
	Net Position, June 30, 2019	\$ 133,310	\$ 0
Adjustments:			
Assets	(138,310)	(1,174,797)	914,033
Liabilities	5,000	1,174,797	(909,325)
Restated Net Position, June 30, 2019	\$ 0	\$ 0	\$ 4,708

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**Note 3 – Fund Balance**

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

	General	Debt Service	Building	Other Governmental Funds	Total
Nonspendable for:					
Unclaimed Monies	\$ 8,974	\$ 0	\$ 0	\$ 0	\$ 8,974
Restricted for:					
Debt Service	0	14,456,403	0	0	14,456,403
Capital Outlay	0	0	1,402,894	263,710	1,666,604
State Funded Programs	0	0	0	720,865	720,865
Federally Funded Programs	0	0	0	152,042	152,042
Extracurricular Activities	0	0	0	338,914	338,914
Other Purposes	0	0	0	211,770	211,770
Total Restricted	0	14,456,403	1,402,894	1,687,301	17,546,598
Committed for:					
Termination Benefits	593,870	0	0	0	593,870
Student Managed Activities	0	0	0	260,085	260,085
Total Committed	593,870	0	0	260,085	853,955
Assigned for:					
Public School Support	356,639	0	0	0	356,639
Encumbrances:					
Instruction	643,079	0	0	0	643,079
Support Services	971,223	0	0	0	971,223
Extracurricular	45,555	0	0	0	45,555
Subsequent Year Appropriations	901,775	0	0	0	901,775
Total Assigned	2,918,271	0	0	0	2,918,271
Unassigned	2,166,628	0	0	(744,175)	1,422,453
<i>Total Fund Balance</i>	\$ 5,687,743	\$ 14,456,403	\$ 1,402,894	\$ 1,203,211	\$ 22,750,251

The following funds had a deficit fund balance as of June 30, 2020:

**Other Governmental Funds:**

IDEA, Part B	\$ 60,718
Public School Preschool	798
Title I Disadvantaged Children	84,414
Improving Teacher Quality	5,082
Miscellaneous Federal Grants	30,268
Food Service	562,895
	\$ 744,175

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

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**Note 4 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a component of assigned, committed or restricted fund balance (GAAP).
4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund:

GAAP Basis	\$ (4,532,288)
Net Adjustment for Revenue Accruals	(610,081)
Net Adjustment for Expenditure Accruals	(899,368)
Funds Budgeted Elsewhere	317,075
Adjustment for Encumbrances	<u>(2,108,281)</u>
Budget Basis	<u>\$ (7,832,943)</u>

\*\*As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes unclaimed funds, special trust, uniform school supplies, special services, community education, rotary services, public school support, summer school, miscellaneous enterprise activities, and termination benefits.

**Note 5 - Deposits and Investments**

State statute classifies monies held by the School 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 School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive monies are public deposits that the School District's 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.

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

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

Interim monies 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, Government National Mortgage Association, and Student Loan Marketing 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;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

**Cash on Hand** - At June 30, 2020 the School District had \$3,500 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Investments."

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**Deposits** - At year-end, \$2,756,886 of the School District's bank balance of \$3,006,886 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the School District's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

**Funds Held by Trustee** - Huntington National Bank acts as a trustee for the School District. Huntington National Bank held \$8,270,402 on account as of June 30, 2020. This money is held in trustee accounts in a sinking fund for the repayment of bonds on March 1, 2021. Collateral is held on direct deposit with the Federal Reserve.

**Custodial Credit Risk** Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party.

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

- Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**Investments**

As of June 30, 2020, the School District had the following investments and maturities:

Ratings	Investment Type	Measurement Amount	Investment Maturities		Percent of Total
			12 Months or Less	12 to 36 Months	
	Net Asset Value (NAV):				
AAAm	STAR Ohio	\$ 16,150,413	\$ 16,150,413	\$ 0	87.71%
AAAm	Federated Money Market	18,550	18,550	0	0.10%
	Fair Value:				
AA+	Federal National Mortgage Association	1,009,000	1,009,000	0	5.48%
Aaa	Corporate Bonds	1,235,052	0	1,235,052	6.71%
	<b>Total Investments</b>	<b>\$ 18,413,015</b>	<b>\$ 17,177,963</b>	<b>\$ 1,235,052</b>	<b>100.00%</b>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2020. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

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**Concentration of Credit Risk** The School District places no limit on the amount that may be invested in any one issuer.

**Interest Rate Risk** As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within one year from the date of purchase and that the School District's investment portfolio be structured so that the securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

**Credit Risk** STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2020, is 42 days. The School District has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

**Note 6 - Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2020 represents collections of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed value listed as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid 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 revenue received in calendar year 2020 represents collections of calendar year 2019 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien December 31, 2018, were levied after April 1, 2019 and are collected in 2020 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Lake County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. 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, 2020, 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 of resources.

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

The assessed values upon which the fiscal year 2020 taxes were collected are:

	2019 Second- Half Collections		2020 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 1,573,275,900	93%	\$ 1,581,878,170	93%
Public Utility Personal Property	122,962,820	7%	126,090,420	7%
 Total Assessed Values	 \$ 1,696,238,720	 100%	 \$ 1,707,968,590	 100%
 Tax rate per \$1,000 of assessed valuation	 \$ 62.12		 \$ 61.89	

**Note 7 - Receivables**

Receivables at June 30, 2020 consisted of property taxes, interfund, accounts (for governmental funds-customer services and student fees; for the YMCA Custodial fund (outstanding bank drawdowns for construction expenses) amounts due from external parties and intergovernmental. 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 fiscal year guarantee of Federal funds. All receivables, except property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

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**Note 8 - Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	Balance 6/30/2019	Additions	Deletions	Balance 6/30/2020
<b>Governmental Activities</b>				
<i>Capital Assets Not Being Depreciated</i>				
Land	\$ 934,224	\$ 4,060,134	\$ 0	\$ 4,994,358
Construction in Progress	101,413,043	15,817,838	(117,230,881)	0
<i>Total Capital Assets Not Being Depreciated</i>	<u>102,347,267</u>	<u>19,877,972</u>	<u>(117,230,881)</u>	<u>4,994,358</u>
<i>Capital Assets Being Depreciated</i>				
Buildings and Improvements	89,626,965	117,453,850	(15,837,522)	191,243,293
Furniture and Equipment	3,554,745	286,339	0	3,841,084
Vehicles	4,985,539	0	(414,550)	4,570,989
<i>Total Capital Assets Being Depreciated</i>	<u>98,167,249</u>	<u>117,740,189</u>	<u>(16,252,072)</u>	<u>199,655,366</u>
<i>Less: Accumulated Depreciation</i>				
Buildings and Improvements	(22,937,185)	(2,395,020)	5,476,085	(19,856,120)
Furniture and Equipment	(1,781,633)	(227,738)	0	(2,009,371)
Vehicles	(4,147,730)	(146,888)	414,550	(3,880,068)
<i>Total Accumulated Depreciation</i>	<u>(28,866,548)</u>	<u>(2,769,646) *</u>	<u>5,890,635</u>	<u>(25,745,559)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>69,300,701</u>	<u>114,970,543</u>	<u>(10,361,437)</u>	<u>173,909,807</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 171,647,968</u>	<u>\$ 134,848,515</u>	<u>\$ (127,592,318)</u>	<u>\$ 178,904,165</u>

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

Instruction:	
Regular	\$ 989,236
Vocational	124,463
Adult Continuing	2,124
Support Services:	
Pupils	21,500
Administration	444,668
Fiscal	66,675
Business	10,443
Operation and Maintenance of Plant	762,909
Pupil Transportation	133,200
Central	43,740
Operation of Non-Instructional Services:	
Food Service Operations	9,757
Community Services	36,663
Extracurricular Activities	124,268
<i>Total Depreciation Expense</i>	<u>\$ 2,769,646</u>



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**Note 9 – Interfund Transactions**

***Interfund Transfers***

Interfund transfers at June 30, 2020 consisted of a transfer from the permanent improvement fund in the amount of \$2,974,403 to the debt service fund for the payment of capital related debt. The general fund transferred \$730,000 to the food service fund.

***Interfund Balances***

Interfund balances at June 30, 2020 consist of the following individual fund receivables and payables:

Interfund Payable	Interfund Receivable General
Nonmajor Special Revenue Funds:	
Food service	\$ 334,000
Public Preschool	1,838
IDEA, Part B	74,937
Title I	90,574
IDEA, Preschool	7,960
Improving Teacher Quality	11,067
Total	\$ 520,376

The primary purpose of the interfund balance is to cover costs in the fund where revenues were not received by June 30. This interfund balance will be repaid once the anticipated revenues are received. These advances are expected to be repaid within one year. Interfund loans between governmental activities are eliminated on the statement of net position.

**Note 10 - Risk Management**

***Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2019, the School District was part of a group purchasing consortium of public school districts in Northeast Ohio. The consortium placed coverage through the Liberty Mutual Insurance Company. The company carried the property insurance (which includes inland marine, earthquake, and crime), the fleet insurance and covered the boilers and machinery.

The School District contracted with Liberty Mutual Insurance Company for liability coverage with limits of liability of \$1,000,000 per claim and \$2,000,000 aggregate to insure the School District, the board members, all administrators, certified and classified employees and volunteers. Additionally, the School District purchased an umbrella policy for additional \$15,000,000 coverage.

Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

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***Workers' Compensation***

The School District pays a premium to the Ohio Bureau of Workers' Compensation based on a rate per \$100 of payroll. This rate itself based upon average costs for all school districts in Ohio. The School District rates are modified based on the actual accident history. The School District participates in the Ohio Bureau of Workers' Compensation's retrospective rating program. The program is a paid loss retro with the School District paying reduced premium and then reimbursing the Ohio Bureau of Workers' Compensation for actual claims costs over a number of years. Employer's Risk Solutions Company provides cost control and actuarial service to the School District.

***Employee Medical Benefits***

The School District provides medical, surgical, prescription drug and dental benefits to its employees on a self-insured basis. A third party, Medical Mutual, reviews all claims which are then paid by the School District. A premium is paid by the fund that pays the salary for the employee and is based on historical cost information. The School District maintains stop-loss coverage for its insurance program. Aggregate stop-loss is maintained at \$8,732,688 for the one year period ending June 30, 2020.

The claims liability of \$1,008,586 reported in the internal service fund at June 30, 2020 is estimated by the third-party administrator and is based on the requirements of Governmental Accounting Standards Board Statement No. 30, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount for the last two fiscal years are listed as follows:

	<u>Balance</u>	<u>Current</u>	<u>Claims</u>	<u>Balance</u>
	<u>Beginning of Year</u>	<u>Year Claims</u>	<u>Payments</u>	<u>End of Year</u>
2019	\$ 860,802	\$ 8,332,994	\$ 8,324,953	\$ 868,843
2020	\$ 868,843	\$ 9,447,146	\$ 9,307,403	\$ 1,008,586

**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)***

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

The net pension/OPEB liability (asset) represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension 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 this estimate annually.

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

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

The proportionate share of each plan’s unfunded benefits is presented as a 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.

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

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

Plan Description – School District non-teaching employees participate in SERS, a statewide, 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 before August 1, 2017*	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA)

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on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2020.

The School District's contractually required contribution to SERS was \$2,150,214 for fiscal year 2020. Of this amount, \$97,502 is reported as an intergovernmental payable.

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

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee 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 Web site at [www.strsoh.org](http://www.strsoh.org).

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Retirement eligibility for reduced benefits will be five years of service credit and age 60, or 30 years of service credit regardless of age.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes 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 or later.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2020, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$7,535,308 for fiscal year 2020. Of this amount, \$1,872,721 is reported as an intergovernmental payable.

***Net Pension Liability, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions***

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

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	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.44129140%	0.41857864%	
Prior Measurement Date	0.46399780%	0.41200689%	
Change in Proportionate Share	<u>-0.02270640%</u>	<u>0.00657175%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 26,403,238	\$ 92,566,151	\$ 118,969,389
Pension Expense	\$ 4,230,809	\$ 14,550,641	\$ 18,781,450

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School District's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

At June 30, 2020 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between Expected and			
Actual Experience	\$ 669,528	\$ 753,643	\$ 1,423,171
Changes of Assumptions	0	10,873,682	10,873,682
Changes in Proportion and Differences between			
School District Contributions and Proportionate			
Share of Contributions	476,902	2,990,366	3,467,268
School District Contributions Subsequent to the			
Measurement Date	2,150,214	7,535,308	9,685,522
<b>Total Deferred Outflows of Resources</b>	<u>\$ 3,296,644</u>	<u>\$ 22,152,999</u>	<u>\$ 25,449,643</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and			
Actual Experience	\$ 0	\$ 400,702	\$ 400,702
Net Difference between Projected and			
Actual Earnings on Pension Plan Investments	338,920	4,524,129	4,863,049
Changes in Proportion and Differences between			
School District Contributions and Proportionate			
Share of Contributions	816,281	0	816,281
<b>Total Deferred Inflows of Resources</b>	<u>\$ 1,155,201</u>	<u>\$ 4,924,831</u>	<u>\$ 6,080,032</u>

\$9,685,522 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Fiscal Year Ending June 30:	SERS	STRS	Total
2021	\$ 651,979	\$ 6,957,388	\$ 7,609,367
2022	(830,407)	1,841,361	1,010,954
2023	(22,552)	103,648	81,096
2024	192,209	790,463	982,672
	\$ (8,771)	\$ 9,692,860	\$ 9,684,089

***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 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. Future benefits for all current plan members were projected through 2035.

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, 2019, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
COLA or Ad Hoc COLA	2.50 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years is used for the period after disability retirement.

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

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The long-term return expectation for the investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The asset allocation, as used in the June 30, 2015 five-year experience study, is summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

**Discount Rate** Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 37,000,376	\$ 26,403,238	\$ 17,516,212

**Actuarial Assumptions - STRS**

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



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Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Projected Payroll Growth	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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

The actuarial assumptions used in the July 1, 2019 valuation, were based on the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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

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

\*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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

**Discount Rate.** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

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***Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** The following table represents the School District's proportionate share of the net pension liability as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 135,275,117	\$ 92,566,151	\$ 56,410,823

**Note 12 - Defined Benefit OPEB Plans**

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

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

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the School District's surcharge obligation was \$289,830, which is reported as an intergovernmental payable.

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

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.45181550%	0.41857864%	
Prior Measurement Date	<u>0.46752850%</u>	<u>0.41200689%</u>	
Change in Proportionate Share	<u>-0.01571300%</u>	<u>0.00657175%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 11,362,210	\$ (6,932,673)	
OPEB Expense	\$ 453,879	\$ (1,743,010)	\$ (1,289,131)

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 166,789	\$ 628,500	\$ 795,289
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	27,274	0	27,274
Changes of Assumptions	829,881	145,723	975,604
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	812,312	406,163	1,218,475
School District Contributions Subsequent to the Measurement Date	<u>289,830</u>	<u>0</u>	<u>289,830</u>
<b>Total Deferred Outflows of Resources</b>	<b><u>\$ 2,126,086</u></b>	<b><u>\$ 1,180,386</u></b>	<b><u>\$ 3,306,472</u></b>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 2,496,203	\$ 352,710	\$ 2,848,913
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	0	435,416	435,416
Changes of Assumptions	636,707	7,600,871	8,237,578
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	<u>430,151</u>	<u>280,097</u>	<u>710,248</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 3,563,061</u></b>	<b><u>\$ 8,669,094</u></b>	<b><u>\$ 12,232,155</u></b>

\$289,830 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2021	\$ (560,005)	\$ (1,630,296)	\$ (2,190,301)
2022	(226,989)	(1,630,294)	(1,857,283)
2023	(218,981)	(1,455,785)	(1,674,766)
2024	(220,284)	(1,394,566)	(1,614,850)
2025	(318,328)	(1,353,307)	(1,671,635)
Thereafter	<u>(182,218)</u>	<u>(24,460)</u>	<u>(206,678)</u>
	<b><u>\$ (1,726,805)</u></b>	<b><u>\$ (7,488,708)</u></b>	<b><u>\$ (9,215,513)</u></b>

**Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate	
Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.70 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 4.75 percent

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

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

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Equity	22.50	4.75
International Equity	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	<u>100.00 %</u>	

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2029. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as 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 by the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e., municipal bond rate).

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.22 percent) and higher (4.22 percent) than the current discount rate (3.22 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	School District's Proportionate Share of the Net OPEB Liability	\$ 13,791,583	\$ 11,362,210
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB Liability	\$ 9,103,442	\$ 11,362,210	\$ 14,359,077

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**Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	5.87 percent	4.00 percent
Medicare	4.93 percent	4.00 percent
Prescription Drug		
Pre-Medicare	7.73 percent	4.00 percent
Medicare	9.62 percent	4.00 percent

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

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

The actuarial assumptions used in the June 30, 2019 valuation, were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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

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

\*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

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\*\*Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent 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 liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2019.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB liability as of June 30, 2019, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (5,915,656)	\$ (6,932,673)	\$ (7,787,746)
	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (7,861,332)	\$ (6,932,673)	\$ (5,795,289)

**Note 13 - Employee Benefits**

***Compensated Absences***

The criteria for determining vacation, personal and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn 10 to 22 days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and a quarter days per month. Upon retirement, an employee is paid for 30 percent of accumulated sick days up to a maximum of 260 accumulated sick days.

***Early Retirement Incentive and Health Care Termination Benefit Payable***

***Classified Employees***

A retiree receives severance pay at the per diem rate for the actual number of unused sick leave days credited to the employee at the actual time of retirement. The number of unused sick days paid will be thirty percent of a maximum of 260 days plus converted personal days. Payment is made in one lump sum within 60 days of the effective date of retirement. The rate of pay is that of the highest daily rate of the employee's highest year in the preceding ten years.



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***Certified Employees***

A retiree receives severance pay at the per diem rate for the actual number of unused sick leave days credited to the employee at the actual time of retirement. The number of unused sick days paid will be thirty percent of the maximum of 260 days plus converted personal days. In prior fiscal years, a health reimbursement account (HRA) of \$30,000 was paid to those teachers who retire in their first year of eligibility for retirement. The incentive bonus is paid in equal installments in the five Januaries following the date of retirement and paid as a reimbursement upon the presentation of receipts for qualifying medical expenses.

***Life Insurance***

The School District provides life insurance in the amount of \$20,000 and \$50,000 to food service employees who work 10 to 20 hours and to other employees (excluding substitutes) who regularly work a minimum of 20 hours per week, respectively. Employees are also given the option to purchase additional term life insurance through a payroll deduction.

**Note 14 - Long-Term Obligations**

The original issue date, interest rate, original issuance and date of maturity for each of the School District's long-term obligations are as follows:

	<u>Original Issue Date</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Date of Maturity</u>
<i>General Obligation Bonds:</i>				
Energy Conservation Improvements				
Serial	2012	1.00% - 3.75%	\$ 8,589,000	9/1/27
Serial	2015	3.00%	1,300,000	1/1/29
Energy Conservation Improvement Refunding				
Serial	2020	4.00%	4,550,000	9/1/27
School Improvement Bonds				
Serial and Term	2016	2.00% - 5.00%	115,750,000	12/1/50
School Improvement Refunding Bonds				
Serial, Term and Capital Appreciation	2020	3.16% - 3.36%	26,737,452	12/1/46
<i>Loans from Direct Borrowing:</i>				
Certificate of Participation, Series 2011A	2011	5.00%	\$ 4,320,000	3/1/26
Certificate of Participation, Series 2013	2013	2.13% - 5.13%	6,780,000	3/1/43
Certificate of Participation, Series 2014	2014	2.25% - 4.00%	6,490,000	3/1/39
Certificate of Participation, Series 2015	2015	2.25% - 5.13%	5,610,000	3/1/40
Certificate of Participation, Series 2017	2017	3.00% - 5.00%	17,230,000	3/1/43
Certificate of Participation, Series 2018	2018	3.00% - 4.00%	8,220,000	3/1/42
Refunding Certificate of Participation, Series 2020	2020	4.00%	4,605,000	3/1/40

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

<i>Governmental Activities</i>	Balance 6/30/2019	Additions	Deductions	Balance 6/30/2020	Due Within One Year
<i>General Obligations Bonds:</i>					
Energy Conservation Improvement Bonds - 2012	\$ 5,445,000	\$ 0	\$ (5,445,000)	\$ 0	\$ 0
Energy Conservation Improvement Bonds - 2014	1,010,000	0	(80,000)	930,000	80,000
Energy Conservation Improvement Refunding Bonds					
Series 2020	0	4,550,000	0	4,550,000	550,000
Premium	0	433,249	(18,052)	415,197	0
School Improvement Bonds - 2016	113,175,000	0	(27,895,000)	85,280,000	1,235,000
Premium	5,031,101	0	(1,360,551)	3,670,550	0
School Improvement Refunding Bonds - 2020					
Term Bonds	0	25,860,000	0	25,860,000	0
Capital Appreciation Bonds	0	877,452	0	877,452	427,962
Accretion on Capital Appreciation Bonds	0	135,906	0	135,906	65,655
Premium	0	4,705,888	(58,097)	4,647,791	0
<i>Total General Obligation Bonds</i>	<u>124,661,101</u>	<u>36,562,495</u>	<u>(34,856,700)</u>	<u>126,366,896</u>	<u>2,358,617</u>
<i>Notes from Direct Placement:</i>					
QSCB Tax Anticipation Notes	8,625,000	0	0	8,625,000	8,625,000
<i>Loans from Direct Borrowing:</i>					
Certificates of Participation, Series 2011A	4,320,000	0	0	4,320,000	0
Certificates of Participation, Series 2013	295,000	0	(145,000)	150,000	150,000
Certificates of Participation, Series 2014	6,490,000	0	(240,000)	6,250,000	245,000
Certificates of Participation, Series 2015	5,375,000	0	(5,375,000)	0	0
Certificates of Participation, Series 2017	16,900,000	0	(90,000)	16,810,000	95,000
Certificates of Participation, Series 2018	8,005,000	0	(220,000)	7,785,000	230,000
Refunding Certificates of Participation,					
Series 2020	0	4,605,000	0	4,605,000	240,000
Premium	0	658,965	(10,983)	647,982	0
<i>Total Loans from Direct Borrowing</i>	<u>41,385,000</u>	<u>5,263,965</u>	<u>(6,080,983)</u>	<u>40,567,982</u>	<u>960,000</u>
<i>Net Pension/OPEB Liability:</i>					
Pension	117,165,077	1,804,312	0	118,969,389	0
OPEB	12,970,504	0	(1,608,294)	11,362,210	0
<i>Total Net Pension/OPEB Liability</i>	<u>130,135,581</u>	<u>1,804,312</u>	<u>(1,608,294)</u>	<u>130,331,599</u>	<u>0</u>
<i>Other Long Term Liabilities:</i>					
Early Retirement Incentive	999,694	381,349	(560,347)	820,696	372,486
Healthcare Termination Benefits	1,315,926	228,000	(423,669)	1,120,257	303,572
Compensated Absences	9,175,861	1,118,413	(912,308)	9,381,966	1,344,306
<i>Total Other Long Term Liabilities</i>	<u>11,491,481</u>	<u>1,727,762</u>	<u>(1,896,324)</u>	<u>11,322,919</u>	<u>2,020,364</u>
<i>Total Governmental Activities</i>					
<i>Long-Term Obligations</i>	<u>\$ 316,298,163</u>	<u>\$ 45,358,534</u>	<u>\$ (44,442,301)</u>	<u>\$ 317,214,396</u>	<u>\$ 13,963,981</u>

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Notes 11 and 12.

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Debt payments will be paid from the general and debt service funds. The early retirement incentive, healthcare termination benefits and compensated absences will be paid from the general fund.

On March 22, 2011, the School District issued \$8,625,000 of Qualified School Construction Bonds (QSCB) tax anticipation notes with an interest rate of 5.294 percent. The proceeds will be used for various construction and improvement projects throughout the School District. The notes mature on March 1, 2021. The School District is required to make annual sinking fund payments of \$862,500 for nine consecutive years starting March 1, 2012.

On March 9, 2016, the School District issued general obligation school improvement bonds. These bonds were issued with a premium of \$5,502,767, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method, which approximates the effective interest method.

These bonds are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2032 at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2033	\$2,765,000
2034	2,920,000

The term bonds that mature in fiscal year 2035, with an interest rate of 3.375 percent are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2036 at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2035	\$3,080,000
2036	3,250,000
2037	3,425,000

The term bonds that mature in fiscal year 2038, with an interest rate of 3.75 percent are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2037 at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2038	\$3,605,000
2039	3,810,000
2040	4,020,000
2041	4,240,000
2042	4,465,000

The term bonds that mature in fiscal year 2043, with an interest rate of 5.00 percent are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2042 at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

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<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2043	\$4,705,000
2044	5,010,000
2045	5,330,000
2046	5,670,000
2047	6,025,000

The term bonds that mature in fiscal year 2048, with an interest rate of 4.00 percent are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2047 at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2048	\$6,400,000
2049	6,730,000
2050	7,075,000
2051	7,435,000

The term bonds maturing after December 1, 2026 are subject to optional redemption, in whole or in part, on any date in order of maturity as determined by the School District and by lot within a maturity, at the option of the Board of Education on or after December 1, 2025.

On March 12, 2020, the School District issued \$4,550,000 of Energy Conservation Refunding Bonds. The bonds refunded \$4,890,000 of outstanding Series 2012 Energy Conservation Improvement Bonds. The bonds were issued for an eight year period with final maturity at September 1, 2027. At the date of refunding, \$4,899,022 (including premium and after underwriting fees, and other issuance costs) was received to pay off old debt. As a result, \$4,890,000 of the Series 2012 Energy Conservation Improvement Bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements.

These refunding bonds were issued with a premium of \$433,249, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The issuance costs of \$82,416 were expensed.

The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$304,086. The issuance resulted in an economic gain of \$286,983.

On March 12, 2020, the School District issued \$26,737,452 of School Improvement Refunding Bonds, which included term and capital appreciation bonds in the amount of \$25,860,000 and \$877,452, respectively. The bonds refunded \$26,740,000 of outstanding Series 2016 School Improvement General Obligation Bonds. The bonds were issued for a 26 year period with final maturity at December 1, 2046. At the date of refunding, \$31,030,902 (including premium and after underwriting fees, and other issuance costs) was received to pay off old debt. As a result, \$26,740,000 of the Series 2016 School Improvement General Obligation Bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements.

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These refunding bonds were issued with a premium of \$4,705,888, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The issuance costs of \$410,088 were expensed. The refunding resulted in a difference between net carrying amount of the debt and the acquisition price of \$4,377,471. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized to interest expense over the life of the bonds using the straight-line method.

The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$5,771,835. The issuance resulted in an economic gain of \$2,121,649.

The capital appreciation bonds mature each December 1 from 2020 through 2038 and December 1, 2042. These bonds were purchased at a discount at the time of issuance and at maturity all compounded interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semiannually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as principal liability.

The serial and capital appreciation bonds are not subject to redemption prior to maturity. The current interest bonds are subject to mandatory and optional redemption as follows:

*Mandatory Redemption* - The Current Interest Bonds stated to mature on December 1, 2040 (the “Series 2040 Current Interest Term Bonds”), December 1, 2043 (the “Series 2043 Current Interest Term Bonds”) and December 1, 2046 (the “Series 2046 Current Interest Term Bonds”, together with the Series 2040 Current Interest Term Bonds and the Series 2043 Current Interest Term Bonds, the Current Interest Term Bonds) are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date, on December 1 of the following fiscal years:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2040	\$345,000
2041	360,000

  

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2042	\$370,000
2043	4,065,000
2044	4,835,000

  

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2045	\$5,055,000
2046	5,295,000
2047	5,535,000

The Current Interest Bonds are subject to prior redemption, by and at the sole option of the Board, in whole or in part as selected by the Board (in whole multiples of \$5,000), on any date on or after June 1, 2029, at a redemption price of 100 percent of the principal redeemed plus accrued interest to the redemption date.

*Optional Redemption* -The Current Interest Bonds are subject to prior redemption, by and at the sole option of the Board, in whole or in part as selected by the Board (in whole multiples of \$5,000), on any date on or after June 1, 2029, at a redemption price of 100% of the principal redeemed plus accrued interest to the redemption date.

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Principal and interest requirements to retire the debt outstanding at June 30, 2020 are as follows:

Fiscal Year	Energy Conservation Improvement Bonds		QSCB Tax Anticipation Notes		School Improvement Bonds		Certificates of Participation		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Accretion
2021	\$ 630,000	\$ 177,961	\$ 8,625,000	\$ 456,608	\$ 1,235,000	\$ 4,038,619	\$ 960,000	\$ 1,842,681	\$427,962	\$ 162,038
2022	615,000	159,000	0	0	1,315,000	4,013,119	980,000	1,549,587	162,481	187,519
2023	630,000	134,949	0	0	1,400,000	3,978,969	1,020,000	1,513,825	103,985	246,015
2024	660,000	110,025	0	0	1,500,000	3,935,469	1,070,000	1,473,562	66,552	283,448
2025	675,000	91,538	0	0	1,600,000	3,880,969	955,000	1,429,812	41,983	303,017
2026-2030	2,270,000	143,800	0	0	9,945,000	18,317,435	11,335,000	5,356,786	66,617	1,658,383
2031-2035	0	0	0	0	13,830,000	15,948,620	9,405,000	3,582,959	7,148	1,717,852
2036-2040	0	0	0	0	18,455,000	13,213,633	11,185,000	1,746,076	707	1,379,293
2041-2045	0	0	0	0	23,390,000	9,362,985	3,010,000	163,993	17	569,983
2046-2050	0	0	0	0	31,035,000	4,710,620	0	0	0	0
2051	0	0	0	0	7,435,000	148,700	0	0	0	0
	<u>\$ 5,480,000</u>	<u>\$ 817,273</u>	<u>\$ 8,625,000</u>	<u>\$ 456,608</u>	<u>\$ 111,140,000</u>	<u>\$ 81,549,138</u>	<u>\$ 39,920,000</u>	<u>\$ 18,659,281</u>	<u>\$877,452</u>	<u>\$6,507,548</u>

**Note 15 – Certificates of Participation**

The School District is leasing several project sites from the Ohio School Building Leasing Corporation (“Lessor”). The Ohio School Building Leasing Corporation assigned The Huntington National Bank as Trustee (“Trustee”), transferring rights, title and interest in the projects to the Trustee. The School District is acting as an agent for the Lessor, and is constructing or improving the facilities from the proceeds provided by the Lessor. These Projects consist of the construction, enlarging and other improvements, furnishing and equipping and lease and eventual acquisition of improvements to School District buildings and building sites and related improvements.

The land and existing improvements included in the leased property are owned by the School District and are leased to the corporation pursuant to the ground lease. A portion of the proceeds of Certificates is expected to be used to pay costs of School District buildings and building sites not included in the Leased Property.

Title to the improvements on the Leased Property, and the right of possession of the Leased Property, will transfer to the School District at the end of the Ground Lease. The School District’s obligation to pay lease payments does not constitute a debt of the School District within the meaning of any constitutional or statutory limitation. Certificate of Participation (COP’s) payments will be made solely from amounts derived under the Lease, including lease payments.

The term of these leases consists of a series of one-year terms, each ending on June 30, except the final lease term, which ends on the final lease payment date. The ground lease term ends five years after the final lease term. Clear title to and right of possession of the leased property will transfer to the School District upon the expiration of the ground lease term.

In the event of default, as defined by the lease agreements, the amounts payable by the School District may become due. If payments are not made, the lessor may retake possession of the secured assets, including but not limited to equipment and furniture. Additionally, the lessor has the option to sublease the project facilities, holding the School District liable for all lease payments and other payments due prior to the effective date of the sublease and for the difference between the rental and other amounts paid by the subleases pursuant to such sublease and the amounts payable by the School District pursuant to the lease during the then current lease term. See below for secured assets by each issuance:

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

Issuance	Secured Asset
Certificates of Participation, Series 2011A	North High, South High & Edison Elementary Schools and building sites and related improvements
Certificate of Participation, Series 2013	North High, South High & Edison Elementary Schools and building sites
Certificate of Participation, Series 2014	North High, South High & Edison Elementary Schools and building sites and the new STEM school building site
Certificate of Participation, Series 2017	North High, South High, Edison Elementary, the new Willoughby Elementary, School of Innovation and Northern Career Institute-Willoughby Campus buildings and building sites
Certificate of Participation, Series 2018	North High, South High, Edison Elementary, School of Innovation and Northern Career Institute-Willoughby Campus buildings and building sites
Certificate of Participation, Series 2020	North High, South High, Edison Elementary and School of Innovation buildings and building sites

***2011 - 2014 Certificates of Participation***

During fiscal years 2011 and 2014, the School District entered into three lease-purchase agreements for various construction and improvement projects throughout the School District.

The current term of the Series 2011 leases ended on June 30, 2011, however the School District has the right to renew the Leases for successive one-year terms, each ending June 30, except the final Lease Term, which ends on March 1, 2041. The Ground Lease term ends March 1, 2046.

The current term of the Series 2013 and 2014 leases ended on June 30, 2014, however the School District has the right to renew the Leases for successive one-year terms, each ending June 30, except the final Lease Term, which ends on March 1, 2034. The Ground Lease term ends March 1, 2048.

As part of the Certificates of Participation agreements, the agreements contain Mandatory Redemption, Optional Redemption, Extraordinary Optional/Mandatory Redemption, and Special Redemption options. Copies of these agreements can be obtained from the Treasurer of Willoughby-Eastlake City School District at 35353 Curtis Boulevard, Eastlake, OH 44095.

The School District is required to make annual sinking fund payments on the Series 2011A Certificate in the amount of \$864,000 for five consecutive years starting March 1, 2022. The payments will be held with the Trustee and will be used solely to pay the principal component of the base rent attributable to the series 2011A certificates when due. No principal payments have been made.

Payments will be made on the Series 2011 lease from the debt service fund. Payments for the Series 2013 and 2014 leases are made from the general fund.

***2015 Certificates of Participation***

During fiscal year 2016, the School District entered into a lease-purchase agreement for the acquisition of a commercial building and related building site for a new technical career school.

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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The Series 2015 Certificates maturing on or after March 1, 2021 are subject to prior redemption on any date, by and at the sole option of the Board, in whole or in part as selected by the Board (in whole multiples of \$5,000), on or after March 1, 2020, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date. Any Term Series 2015 Certificates are subject to mandatory sinking fund redemption. The Certificates are also subject to special redemption. The proceeds received from the sale of the Series 2015 Certificates will be used (a) to provide for the acquisition, construction, enlarging and other improvement, furnishing and equipping and lease and eventual acquisition of a school building and building site for a new technical career school, and (b) to pay costs relating to the sale of the Series 2015 Certificates.

The current Lease Term commenced as of July 1, 2018 and expires on June 30, 2019. Each renewal of the Lease will be for a renewal Lease Term (Renewal Term) beginning July 1 and ending June 30 of the subsequent year, except that the final Renewal Term will end on March 1, 2040.

These certificates were refunded on March 12, 2020.

***2017 Certificates of Participation***

In December 2017 the School District issued \$17,230,000 in certificates of participation to partially refund the Series 2011B and 2013 certificates of participation. The proceeds of the certificates were used to refund \$9,785,000 of the School District's 2011 Series B tax exempt certificates and \$5,525,000 of the Series 2013 certificates. The certificates were issued for a 25 year period with final maturity at March 1, 2043.

These refunding certificates were issued with a premium of \$296,664, which was reported as interest expense in the year of issuance.

The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$103,380. The issuance resulted in an economic gain of \$1,671,050. The refunded certificates are considered defeased (in-substance) and accordingly, have been removed from the statement of net position. The principal balance outstanding of the defeased certificates was \$15,310,000 at June 30, 2020.

***2018 Certificates of Participation***

In March 2018 the School District issued \$8,220,000 in certificates of participation. These certificates were issued with a premium of \$46,673, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method.

The Series 2018 Certificates maturing on or after March 1, 2024 are subject to prior redemption on any date, by and at the sole option of the Board, in whole or in part as selected by the Board (in whole multiples of \$5,000), on or after March 1, 2023, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date. Any Term Series 2018 Certificates are subject to mandatory sinking fund redemption. The Certificates are also subject to special redemption. The proceeds received from the sale of the Series 2018 Certificates will be used for (a) the construction, rehabilitation and other improvement, furnishing and equipping of the building and related building site to be used to replace the administrative offices of the School District and (b) the furnishing and equipping of the North High School, the South High School and Longfellow Elementary School.

The current Lease Term commenced as of July 1, 2018 and expires on June 30, 2019. Each renewal of the Lease will be for a renewal Lease Term (Renewal Term) beginning July 1 and ending June 30 of the subsequent year, except that the final Renewal Term will end on March 1, 2042.



**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**2020 Refunding Certificates of Participation**

On March 12, 2020, the School District issued \$4,605,000 in refunded Certificates of Participation, Series 2020 bonds. The proceeds were used to refund \$5,130,000 of the School District’s outstanding Certificates of Participation, Series 2015. The bonds were issued for a 20 year period with final maturity at December 1, 2040. The Series 2020 Certificates maturing on or after March 1, 2031, are subject to optional redemption by the School District prior to maturity, on any date on and after March 1, 2030. Certain maturities of the Series 2020 Certificates are subject to mandatory sinking fund redemption, and the Certificates are subject to special redemption, as described in this agreement.

These refunding bonds were issued with a premium of \$658,965. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The issuance costs of \$115,441 were expensed.

The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$703,535. The issuance resulted in an economic gain of \$544,340.

The current Lease Term commenced as of July 1, 2019 and expires on June 30, 2020. Each renewal of the Lease will be for a renewal Lease Term (Renewal Term) beginning July 1 and ending June 30 of the subsequent year, except that the final Renewal Term will end on March 1, 2043.

**Note 16 - Set-Asides**

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

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

	Capital Improvements
Set-Aside Restricted Balance June 30, 2019	\$ 0
Current Year Set-Aside Requirement	1,349,080
Current Year Offsets	(2,066,255)
Total	\$ (717,175)
Set-Aside Balance Carried Forward to Fiscal Year 2021	\$ 0
Set-Aside Restricted Balance June 30, 2020	\$ 0

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

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 17 – Jointly Governed Organizations**

***Northwest Ohio Computer Association***

The School District is a participant in NWOCA (Northwest Ohio Computer Association). NWOCA is a computer consortium. NWOCA is an association of educational entities within the boundaries of Defiance, Fulton, Henry, and Williams Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities.

The NWOCA Assembly consists of the superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the governing council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Governing Council. During fiscal year 2020, the School District paid \$56,073 to NWOCA for various services. Financial information can be obtained from Tammy Butler, who serves as Treasurer, 209 Nolan Parkway, Archbold, Ohio 43502.

***The Ohio Schools Council***

The Ohio Schools Council (Council) is a jointly governed organization among 200 school districts, educational service centers and joint vocational schools. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the board. In fiscal year 2020, the School District paid \$164,722 to the Council. Financial information can be obtained by contacting William Zelei, Executive Director of the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. There are approximately 150 participants in the program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings in September until the credits are exhausted and districts that did pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 18 – Related Organization**

The Willoughby-Eastlake Public Library (the Library) is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Willoughby-Eastlake City School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Willoughby-Eastlake Public Library, Ms. Victoria Simmons, Fiscal Officer, at 35150 Lakeshore Blvd., Eastlake, Ohio 44095.

**Note 19 – Significant Commitments**

***Encumbrance Commitments***

Outstanding encumbrances for governmental funds include \$1,668,893 for the general fund and \$565,005 for nonmajor governmental funds.

**Note 20 - Contingencies**

***Grants***

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2020, if applicable, cannot be determined at this time.

***Litigation***

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect of the basic financial statements.

***School District Funding***

School district Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2020 are finalized.

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**

*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 21 – Subsequent Event**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures have impacted the current period and will continue to impact subsequent periods of the School District. The School District's investment portfolio and the investments of the pension and other employee benefit plan in which the School District participates have incurred a significant fluctuation in fair value, consistent with the general fluctuation in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, due to the dynamic environment and changes in fiscal policies, the exact impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or State, cannot be reasonably estimated.

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**Willoughby Eastlake City School District**  
**Lake County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*Last Seven Fiscal Years (1)*

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b><i>School Employees Retirement System (SERS)</i></b>				
School District's Proportion of the Net Pension Liability	0.44129140%	0.46399780%	0.42205600%	0.42696580%
School District's Proportionate Share of the Net Pension Liability	\$ 26,403,238	\$ 26,574,013	\$ 25,216,914	\$ 31,249,957
School District's Covered Payroll	\$ 15,107,911	\$ 14,938,859	\$ 13,814,986	\$ 10,439,993
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	174.76%	177.89%	182.53%	299.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.85%	71.36%	69.50%	62.98%
<b><i>State Teachers Retirement System (STRS)</i></b>				
School District's Proportion of the Net Pension Liability	0.41857864%	0.41200689%	0.39832963%	0.39877961%
School District's Proportionate Share of the Net Pension Liability	\$ 92,566,151	\$ 90,591,064	\$ 94,624,057	\$ 133,483,556
School District's Covered Payroll	\$ 49,204,329	\$ 47,152,086	\$ 45,102,621	\$ 41,947,143
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	188.13%	192.13%	209.80%	318.22%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.40%	77.31%	75.30%	66.80%

(1) Information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.43769250%	0.43083900%	0.43083900%
\$ 24,975,158	\$ 21,804,516	\$ 25,620,613
\$ 9,842,716	\$ 9,852,128	\$ 11,251,987
253.74%	221.32%	227.70%
69.16%	71.70%	65.52%
0.38995379%	0.38491924%	0.38491924%
\$ 107,771,821	\$ 93,625,680	\$ 111,526,298
\$ 41,219,850	\$ 38,997,438	\$ 37,928,138
261.46%	240.08%	294.05%
72.10%	74.70%	69.30%

See accompanying notes to the required supplementary information.

**Willoughby Eastlake City School District**  
**Lake County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions - Pension*  
*Last Ten Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b><i>School Employees Retirement System (SERS)</i></b>				
Contractually Required Contribution	\$ 2,150,214	\$ 2,039,568	\$ 2,016,746	\$ 1,934,098
Contributions in Relation to the Contractually Required Contribution	<u>(2,150,214)</u>	<u>(2,039,568)</u>	<u>(2,016,746)</u>	<u>(1,934,098)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 15,358,671	\$ 15,107,911	\$ 14,938,859	\$ 13,814,986
Pension Contributions as a Percentage of Covered Payroll	14.00%	13.50%	13.50%	14.00%
<b><i>State Teachers Retirement System (STRS)</i></b>				
Contractually Required Contribution	\$ 7,535,308	\$ 6,888,606	\$ 6,601,292	\$ 6,314,367
Contributions in Relation to the Contractually Required Contribution	<u>(7,535,308)</u>	<u>(6,888,606)</u>	<u>(6,601,292)</u>	<u>(6,314,367)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 53,823,629	\$ 49,204,329	\$ 47,152,086	\$ 45,102,621
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.



<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 1,461,599	\$ 1,297,270	\$ 1,365,505	\$ 1,557,275	\$ 2,039,231	\$ 1,731,881
<u>(1,461,599)</u>	<u>(1,297,270)</u>	<u>(1,365,505)</u>	<u>(1,557,275)</u>	<u>(2,039,231)</u>	<u>(1,731,881)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 10,439,993	\$ 9,842,716	\$ 9,852,128	\$ 11,251,987	\$ 15,161,569	\$ 13,777,892
14.00%	13.18%	13.86%	13.84%	13.45%	12.57%
\$ 5,872,600	\$ 5,770,779	\$ 5,069,667	\$ 4,930,658	\$ 5,714,742	\$ 5,582,155
<u>(5,872,600)</u>	<u>(5,770,779)</u>	<u>(5,069,667)</u>	<u>(4,930,658)</u>	<u>(5,714,742)</u>	<u>(5,582,155)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 41,947,143	\$ 41,219,850	\$ 38,997,438	\$ 37,928,138	\$ 43,959,554	\$ 42,939,654
14.00%	14.00%	13.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

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**Willoughby Eastlake City School District**  
**Lake County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability/(Asset)*  
*Last Four Fiscal Years (1)*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b><i>School Employees Retirement System (SERS)</i></b>				
School District's Proportion of the Net OPEB Liability	0.45181550%	0.46752850%	0.42798680%	0.43176954%
School District's Proportionate Share of the Net OPEB Liability	\$ 11,362,210	\$ 12,970,504	\$ 11,486,041	\$ 12,307,029
School District's Covered Payroll	\$ 15,107,911	\$ 14,938,859	\$ 13,814,986	\$ 10,439,993
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	75.21%	86.82%	83.14%	117.88%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	15.57%	13.57%	12.46%	11.49%
<b><i>State Teachers Retirement System (STRS)</i></b>				
School District's Proportion of the Net OPEB Liability/(Asset)	0.41857864%	0.41200689%	0.39832963%	0.39877961%
School District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (6,932,673)	\$ (6,620,530)	\$ 15,541,352	\$ 21,326,837
School District's Covered Payroll	\$ 49,204,329	\$ 47,152,086	\$ 45,102,621	\$ 41,947,143
School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-14.09%	-14.04%	34.46%	50.84%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

**Willoughby Eastlake City School District**  
**Lake County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions - OPEB*  
*Last Ten Fiscal Years*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b><i>School Employees Retirement System (SERS)</i></b>				
Contractually Required Contribution (1)	\$ 289,830	\$ 349,339	\$ 313,073	\$ 231,864
Contributions in Relation to the Contractually Required Contribution	<u>(289,830)</u>	<u>(349,339)</u>	<u>(313,073)</u>	<u>(231,864)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 15,358,671	\$ 15,107,911	\$ 14,938,859	\$ 13,814,986
OPEB Contributions as a Percentage of Covered Payroll (1)	1.89%	2.31%	2.10%	1.68%
<b><i>State Teachers Retirement System (STRS)</i></b>				
Contractually Required Contribution	\$ 0	\$ 0	\$ 0	\$ 0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered Payroll	\$ 53,823,629	\$ 49,204,329	\$ 47,152,086	\$ 45,102,621
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge  
n/a - Information not readily available.

See accompanying notes to the required supplementary information.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 214,558	\$ 293,566	\$ 150,031	\$ 147,753	\$ 83,389	n/a
<u>(214,558)</u>	<u>(293,566)</u>	<u>(150,031)</u>	<u>(147,753)</u>	<u>(83,389)</u>	<u>n/a</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 10,439,993	\$ 9,842,716	\$ 9,852,128	\$ 11,251,987	\$ 15,161,569	\$ 13,777,892
2.06%	2.98%	1.52%	1.31%	0.55%	n/a
\$ 0	\$ 0	\$ 389,974	\$ 379,281	\$ 439,596	\$ 429,397
<u>0</u>	<u>0</u>	<u>(389,974)</u>	<u>(379,281)</u>	<u>(439,596)</u>	<u>(429,397)</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 41,947,143	\$ 41,219,850	\$ 38,997,438	\$ 37,928,138	\$ 43,959,554	\$ 42,939,654
0.00%	0.00%	1.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information.

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**

*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 1 - Net Pension Liability**

***Changes in Assumptions - SERS***

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3.0 percent was used.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- 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.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

***Changes in Assumptions – STRS***

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

***Changes in Benefit Terms - SERS***

With the authority granted to the Board under SB 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

***Changes in Benefit Terms - STRS***

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**

*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

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**Note 2 - Net OPEB Liability (Asset)**

***Changes in Assumptions – SERS***

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

Municipal Bond Index Rate:

Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare

Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare

Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

***Changes in Assumptions – STRS***

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

***Changes in Benefit Terms - SERS***

There have been no changes to the benefit provisions.

**Willoughby-Eastlake City School District**  
**Lake County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2020*

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***Changes in Benefit Terms – STRS***

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

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

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.



**WILLOUGHBY- EASTLAKE CITY SCHOOL DISTRICT  
LAKE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>		
<i>Passed Through Ohio Department of Education:</i>		
<u>Child Nutrition Cluster:</u>		
School Breakfast Program	10.553	\$ 227,079
COVID - 19 School Breakfast Program		43,822
Total - School Breakfast Program		<u>270,901</u>
National School Lunch Program	10.555	924,865
COVID - 19 National School Lunch Program		109,565
National School Lunch Program - Non-Cash Assistance		176,612
Total - National School Lunch Program		<u>1,211,042</u>
Total U.S. Department of Agriculture/Child Nutrition Cluster		<u><b>1,481,943</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>		
<i>Direct Program</i>		
<u>Student Financial Aid Cluster:</u>		
Federal Pell Grant Program	84.063	426,426
Federal Direct Student Loans	84.268	736,757
Total - Student Financial Aid Cluster		<u>1,163,183</u>
<i>Passed Through Ohio Department of Education:</i>		
<u>Special Education Cluster</u>		
Special Education Grants to States	84.027	225,301
		1,747,134
		3,687
Total - Special Education Grants to States		<u>1,976,122</u>
Special Education Preschool Grants	84.173	4,047
		49,378
Total - Special Education Preschool Grants		<u>53,425</u>
Special Education Preschool Grants - Restoration	84.173	13,808
Total - Special Education Cluster		<u>2,043,355</u>
Title I Grants to Local Educational Agencies	84.010	146,153
		887,249
		9,000
Total - Title I Grants to Local Educational Agencies		<u>1,042,402</u>
Career and Technical Education - Basic Grants to States	84.048	56,106
School Safety National Activities	84.184	51,336
English Language Acquisition State Grants	84.365	18,057
Supporting Effective Instruction State Grants	84.367	33,959
		171,055
Total - Supporting Effective Instruction State Grants		<u>205,014</u>
Student Support and Academic Enrichment Program	84.424	480
		11,412
Total - Student Support and Academic Enrichment Program		<u>11,892</u>
COVID -19 Higher Education Emergency Relief Fund	84.425E	88,225
Total U.S. Department of Education		<u><b>4,679,570</b></u>
<b>Total Expenditures of Federal Awards</b>		<u><b>\$6,161,513</b></u>

*The accompanying notes are an integral part of this schedule.*

**WILLOUGHBY-EASTLAKE CITY SCHOOL DISTRICT  
LAKE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Willoughby-Eastlake City School District, Lake County, Ohio (the District) under programs of the federal government for the year ended June 30, 2020. 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, changes in net position, or cash flows 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 fair value. The District allocated donated food commodities to the respective program that benefited from the use of those donated food commodities.

# 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

Willoughby-Eastlake City School District  
Lake County  
35353 Curtis Boulevard  
Eastlake, Ohio 44095

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 Willoughby-Eastlake City School District, Lake County, Ohio (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 26, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

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

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

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

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

***Compliance and Other Matters***

As part of reasonably assuring whether the 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 District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

February 26, 2021



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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**

Willoughby-Eastlake City School District  
Lake County  
35353 Curtis Boulevard  
Eastlake, Ohio 44095

To the Board of Education:

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

We have audited the Willoughby-Eastlake City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the Willoughby-Eastlake City School District's major federal programs for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, the Willoughby-Eastlake City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2020.

***Report on Internal Control Over Compliance***

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

February 26, 2021

**WILLOUGHBY-EASTLAKE CITY SCHOOL DISTRICT  
LAKE COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2020**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	<ul style="list-style-type: none"> <li>➤ Special Education Cluster CFDA 84.027 and 84.173</li> <li>➤ Supporting Effective Instruction State Grants CFDA 84.367</li> </ul>
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None.

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

None.





# OHIO AUDITOR OF STATE KEITH FABER



**WILLOUGHBY-EASTLAKE CITY SCHOOL DISTRICT**

**LAKE 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 3/23/2021**

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)