OHIO AUDITOR OF STATE
KEITH FABER

MASSILLON CITY SCHOOL DISTRICT
STARK COUNTY
JUNE 30, 2021

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MASSILLON CITY SCHOOL DISTRICT
STARK COUNTY
JUNE 30, 2021

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Massillon City School District
Stark County
930 17th Street N. E.
Massillon, Ohio 44646

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no 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 District, as of June 30, 2021, and the respective changes in financial position thereof and the budgetary comparison for the General fund and 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 2 to the financial statements, during 2021, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. 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 these matters.

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 28, 2022, 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 28, 2022

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The discussion and analysis of the Massillon 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, 2021. 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 fiscal year 2021 are as follows:

- Net position increased $6,191,335, which represents a 16.48 percent increase from 2020.
- Capital assets increased $4,516,825 during fiscal year 2021.
- During the year, outstanding debt, excluding unamortized premiums and refunding losses, decreased from $13,465,000 to $12,044,000.
- In 2021, the School District issued two separate bond refunding in the amount of $4,625,000 and $735,000. The proceeds paid off two separate series of 2011 refunding general obligation bonds.

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 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 School District, the general and capital project funds 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 2021?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources 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.

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 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 fund. 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 and capital projects funds.

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.

Reporting the School District's Fiduciary Responsibilities

The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in the custodial fund. 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.

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 fiscal year 2021 compared to fiscal year 2020.

Table 1
Net Position

	Governmental Activities		
	2021	Restated 2020	Change
Assets			
Current & Other Assets	$ 88,152,693	$ 83,856,368	$ 4,296,325
Net Pension/OPEB Asset	3,223,638	3,053,659	169,979
Capital Assets	47,332,350	42,815,525	4,516,825
Total Assets	138,708,681	129,725,552	8,983,129
Deferred Outflows of Resources			
Deferred Charges	-	313,371	(313,371)
Pension & OPEB	11,680,270	12,044,624	(364,354)
Total Deferred Outflows of Resource	11,680,270	12,357,995	(677,725)
Liabilities			
Current & Other Liabilities	6,962,729	6,539,287	423,442
Long-Term Liabilities:			
Due Within One Year	1,718,711	1,617,558	101,153
Due In More Than One Year:			
Pension & OPEB	58,590,632	54,935,214	3,655,418
Other Amounts	13,629,876	15,787,656	(2,157,780)
Total Liabilities	80,901,948	78,879,715	2,022,233
Deferred Inflows of Resources			
Property Taxes	18,746,186	17,407,866	1,338,320
Payments in Lieu of Taxes	169,595	171,608	(2,013)
Pension & OPEB	6,812,854	8,057,325	(1,244,471)
Total Deferred Inflows of Resources	25,728,635	25,636,799	91,836
Net Position			
Net Investment in Capital Assets	35,026,323	32,761,734	2,264,589
Restricted	6,436,557	9,096,207	(2,659,650)
Unrestricted	2,295,488	(4,290,908)	6,586,396
Total Net Position	$ 43,758,368	$ 37,567,033	$ 6,191,335

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2021, and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.* 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 Other Postemployment Benefits (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 2021 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.

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 34 percent of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and fixtures and vehicles. Net investment in capital assets was $35,026,323 at June 30, 2021. These capital assets are used to provide services to students and are not available for future spending. Although the School District's 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, $6,436,557 represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position is $2,295,488.

Capital assets increased due to the projects of the athletic facilities, roofs on the intermediate and junior high school and the Paul Brown Stadium that were completed in fiscal year 2021.

Other amounts due in more than one year decreased due to debt refunding and payment of debt in fiscal year 2021. There was a significant change in net pension/OPEB liability/asset for the School District. These fluctuations are due to changes in 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 Net Pension Liability (NPL)/Net OPEB Liability (NOL)/Net OPEB Asset (NOA) and are described in more detail in their respective notes.

Table 2 shows the changes in net position for fiscal year 2021 and 2020.

Table 2
Changes in Net Position

	Governmental Activities		
	2021	Restated 2020	Change
Revenues			
Program Revenues			
Charges for Services	$ 2,610,982	$ 2,703,140	$ (92,158)
Operating Grants	14,760,918	10,296,242	4,464,676
Total Program Revenues	17,371,900	12,999,382	4,372,518
General Revenues			
Property Taxes	18,508,759	18,360,586	148,173
Income Taxes	7,033	-	7,033
Grants & Entitlements	29,762,554	29,528,727	233,827
Revenue in Lieu of Taxes	2,855	1,511	1,344
Other	735,644	1,815,006	(1,079,362)
Total General Revenues	49,016,845	49,705,830	(688,985)
Total Revenues	66,388,745	62,705,212	3,683,533
Program Expenses			
Instruction:			
Regular	26,514,103	24,449,230	2,064,873
Special	7,327,837	7,887,439	(559,602)
Vocational	2,636,630	2,534,116	102,514
Adult/Continuing	54	54	-
Student Intervention Services	27,473	121,599	(94,126)
Other	380,588	402,863	(22,275)
Support Services:			
Pupils	4,087,064	4,106,576	(19,512)
Instructional Staff	1,440,848	1,282,540	158,308
Board of Education	63,845	45,732	18,113
Administration	3,103,151	3,162,846	(59,695)
Fiscal	1,030,140	1,130,745	(100,605)
Operation and Maintenance of Plant	5,587,000	6,182,648	(595,648)
Pupil Transportation	2,047,360	2,229,182	(181,822)
Central	921,053	545,011	376,042
Operation of Non-Instructional/Shared Services:			
Food Service Operations	2,025,676	2,096,264	(70,588)
Community Services	625,999	398,463	227,536
Extracurricular Activities	2,004,418	2,044,161	(39,743)
Debt Service:			
Interest and Fiscal Charges	374,171	367,579	6,592
Total Expenses	60,197,410	58,987,048	1,210,362
Change in Net Position	6,191,335	3,718,164	2,473,171
Net Position Beginning of Year	37,567,033	33,378,001	4,189,032
Restatement - See Note 2	-	470,868	(470,868)
Net Position End of Year	$ 43,758,368	$ 37,567,033	$ 6,191,335

There was a significant change in net pension/OPEB liability/asset 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.

Operating grants increased due to new Covid-19 related grants. The decrease in other revenues is due to a reduction in interest revenue. This reduction was caused by funds that were spent on projects, which reduced cash and the amount of interest the School District was receiving.

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	
	2021	2020	2021	2020
Instruction:				
Regular	26,514,103	24,449,230	22,055,805	22,341,561
Special	7,327,837	7,887,439	2,294,140	2,874,704
Vocational	2,636,630	2,534,116	1,780,482	1,664,333
Adult/Continuing	54	54	54	54
Student Intervention Services	27,473	121,599	19,109	107,813
Other	380,588	402,863	271,457	297,050
Support Services:				
Pupils	4,087,064	4,106,576	2,426,515	2,858,246
Instructional Staff	1,440,848	1,282,540	1,013,122	1,005,622
Board of Education	63,845	45,732	63,845	45,732
Administration	3,103,151	3,162,846	3,031,234	3,096,615
Fiscal	1,030,140	1,130,745	1,030,128	1,130,537
Operation and Maintenance of Plant	5,587,000	6,182,648	4,892,400	5,944,242
Pupil Transportation	2,047,360	2,229,182	1,830,486	2,159,694
Central	921,053	545,011	574,540	534,211
Operation of Non-Instructional/Shared Services:				
Food Service Operations	2,025,676	2,096,264	(344,398)	156,158
Community Services	625,999	398,463	(127,197)	(86,093)
Extracurricular Activities	2,004,418	2,044,161	1,639,617	1,489,608
Debt Service:				
Interest and Fiscal Charges	374,171	367,579	374,171	367,579
Total Expenses	$ 60,197,410	$ 58,987,048	$ 42,825,510	$ 45,987,666

The total and net cost of services changes were primarily caused by the pension and OPEB changes in prior year, which were previously discussed.

The dependence upon general revenues for governmental activities is apparent. Nearly 74 percent of governmental activities are supported through taxes and grants and entitlements not restricted; such revenues are 71 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

Governmental Funds

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

The general fund's net change in fund balance for fiscal year 2021 was an increase of $2,862,046. The increase was primarily due to a reduction in expenses of the function of operations and maintenance of plant. This reduction due to the majority of the expenses for the Paul Brown Stadium were paid in fiscal year 2020.

The capital project fund's fund balance increased $5,000,000 due to a transfer in from the general fund.

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. 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 course of fiscal year 2021, the School District amended its general fund budget for estimated receipts and other financing sources. The final budget of estimated receipts and other financing sources was greater than the original budget. The majority of this increase was in tuition and fees. The original budget expenditure appropriations and other financing sources was less than the final budget expenditure appropriations and other financing sources. The majority of this difference is due to transfers to the capital project fund.

Final Budget Compared to Actual Results For fiscal year 2021, final budgeted receipts and other financing sources were greater than actual receipts and other financing sources. The majority of this difference was due to an overestimation of intergovernmental revenues. A review of actual expenditures and other financing uses compared to the appropriations in the final budget yields an overestimation of instruction and support services expenditures.

Capital Assets and Debt Administration

Capital Assets

Table 4 shows fiscal year 2021 balances compared with 2020.

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

	Governmental Activities	
	2021	2020
Land	$ 3,707,386	$ 3,707,386
Construction in Progress	-	4,278,696
Land Improvements	1,314,311	1,524,693
Buildings and Improvements	33,483,596	27,032,695
Furniture and Equipment	7,747,155	5,231,000
Vehicles	1,079,902	1,041,055
Total	$ 47,332,350	$ 42,815,525

The increase in capital assets was primarily a result of the School District's operations facility project and a reroofing project. See Note 6 for more information about the capital assets of the School District.

Debt

Table 5 summarizes debt outstanding compared with 2022. See Note 14 for additional details.

Table 5
Outstanding Debt at June 30

	Governmental Activities	
	2021	2020
General Obligation Bonds	$ 5,530,000	$ 6,465,000
Lease Purchase Agreement	6,514,000	7,000,000
Total	$ 12,044,000	$ 13,465,000

Current Issues

Massillon City School District continues to uphold the highest standards of service for our students, parents and community while remaining within our funding capability. The ultimate goal of the School District is to offer the best educational and extra-curricular experience for students.

The Board and Administration have been successful in right sizing the School District and addressing renovation and repair of the buildings. Over the past seven (7) years, the following repairs and renovations have been completed:

- Washington High School roof replacement completed
- Asphalt repair at all the buildings
- Washington High School door and window replacements
- Track and field facility project at Massillon Middle School completed
- $2.3 million Middle School Complex roof replacement completed
- $4.5 million Renovation of the Oak Street Property into an Operations Facility completed
- $2.8 million Renovation to Paul Brown Tiger Stadium completed

The Covid-19 Pandemic has brought on many new challenges for the School District which we have overcome and are proud to be able to state that our buildings remained open all of the 2020-2021 school year. Students were offered both in-class and eLearning opportunities. The administrative team, as well as the staff, have always kept the School Districts ultimate long-term goal to be a School District that inspires the community with our academic, artistic and athletic programs.

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 Sandy Moeglin, Treasurer of Massillon City School District, 930 17th Street N. E., Massillon, Ohio 44646 or smoeglin@massillonschools.org.

Massillon City School District
Stark County, Ohio
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	$ 63,353,712
Cash and Cash Equivalents with Fiscal Agents	207,700
Investments	122,740
Accounts Receivable	10,418
Intergovernmental Receivable	1,783,172
Property Taxes Receivable	22,433,572
Revenue in Lieu of Taxes Receivable	169,595
Prepaid Items	71,784
Net OPEB Asset	3,223,638
Non-Depreciable Capital Assets	3,707,386
Depreciable Capital Assets, net	43,624,964
Total Assets	138,708,681
Deferred Outflows of Resources	
Pension	10,031,927
OPEB	1,648,343
Total Deferred Outflows of Resources	11,680,270
Liabilities	
Accounts Payable	748,282
Accrued Wages and Benefits	4,828,317
Contracts Payable	262,027
Intergovernmental Payable	1,059,304
Matured Compensated Absences Payable	31,713
Accrued Vacation Leave Payable	33,086
Long-Term Liabilities:	
Due Within One Year	1,718,711
Due In More Than One Year:	
Net Pension Liability	54,972,257
Net OPEB Liability	3,618,375
Other Amounts Due in More Than One Year	13,629,876
Total Liabilities	80,901,948
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	18,746,186
Revenue in Lieu of Taxes for the Next Year	169,595
Pension	801,125
OPEB	6,011,729
Total Deferred Inflows of Resources	25,728,635
Net Position	
Net Investment in Capital Assets	35,026,323
Restricted for:	
Capital Outlay	1,252,639
Debt Service	574,820
Other Purposes	4,609,098
Unrestricted	2,295,488
Total Net Position	$ 43,758,368

See accompanying notes to the basic financial statements.

Massillon City School District
Stark County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2021

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	$ 26,514,103	$ 1,878,021	$ 2,580,277	$ (22,055,805)
Special	7,327,837	345,310	4,688,387	(2,294,140)
Vocational	2,636,630	7,760	848,388	(1,780,482)
Adult/Continuing	54	-	-	(54)
Student Intervention Services	27,473	-	8,364	(19,109)
Other	380,588	-	109,131	(271,457)
Support Services:				
Pupils	4,087,064	11,602	1,648,947	(2,426,515)
Instructional Staff	1,440,848	-	427,726	(1,013,122)
Board of Education	63,845	-	-	(63,845)
Administration	3,103,151	-	71,917	(3,031,234)
Fiscal	1,030,140	-	12	(1,030,128)
Operation and Maintenance of Plant	5,587,000	257	694,343	(4,892,400)
Pupil Transportation	2,047,360	-	216,874	(1,830,486)
Central	921,053	-	346,513	(574,540)
Operation of Non-Instructional/Shared Services:				
Food Service Operations	2,025,676	28,137	2,341,937	344,398
Community Services	625,999	-	753,196	127,197
Extracurricular Activities	2,004,418	339,895	24,906	(1,639,617)
Debt Service:				
Interest and Fiscal Charges	374,171	-	-	(374,171)
Total	$ 60,197,410	$ 2,610,982	$ 14,760,918	(42,825,510)

General Revenues	
Property Taxes Levied for:	
General Purposes	16,071,772
Debt Service	658,230
Capital Outlay	1,613,790
Classroom Maintenance	164,967
Income Taxes Levied for:	
General Purposes	7,033
Grants and Entitlements not Restricted to Specific Programs	29,762,554
Revenue in Lieu of Taxes	179,618
Insurance Recoveries	2,855
Investment Earnings	49,074
Miscellaneous	506,952
Total General Revenues	49,016,845
Change in Net Position	6,191,335
Net Position Beginning of Year (Restated, See Note 2)	37,567,033
Net Position End of Year	$ 43,758,368

See accompanying notes to the basic financial statements.

Massillon City School District
Stark County, Ohio
Balance Sheet
Governmental Funds
June 30, 2021

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	$ 24,011,306	$ 30,000,000	$ 9,342,406	$ 63,353,712
Cash and Cash Equivalents with Fiscal Agents	-	-	207,700	207,700
Investments	-	-	122,740	122,740
Accounts Receivable	6,668	-	3,750	10,418
Interfund Receivable	184,948	-	-	184,948
Intergovernmental Receivable	104,187	-	1,678,985	1,783,172
Revenue in Lieu of Taxes Receivable	169,595	-	-	169,595
Property Taxes Receivable	19,419,376	-	3,014,196	22,433,572
Prepaid Items	68,784	-	3,000	71,784
Total Assets	$ 43,964,864	$ 30,000,000	$ 14,372,777	$ 88,337,641
Liabilities				
Accounts Payable	$ 216,299	$ -	$ 531,983	$ 748,282
Accrued Wages and Benefits	4,190,313	-	638,004	4,828,317
Contracts Payable	-	-	262,027	262,027
Intergovernmental Payable	851,723	-	207,581	1,059,304
Interfund Payable	-	-	184,948	184,948
Matured Compensated Absences Payable	31,713	-	-	31,713
Total Liabilities	5,290,048	-	1,824,543	7,114,591
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	16,233,716	-	2,512,470	18,746,186
Revenues in Lieu of Taxes for Next Year	169,595	-	-	169,595
Unavailable Revenue	2,459,553	-	1,046,898	3,506,451
Total Deferred Inflows of Resources	18,862,864	-	3,559,368	22,422,232
Fund Balances				
Nonspendable	84,925	-	3,000	87,925
Restricted	-	-	5,421,412	5,421,412
Committed	3,758	-	3,890,274	3,894,032
Assigned	6,514,415	30,000,000	-	36,514,415
Unassigned	13,208,854	-	(325,820)	12,883,034
Total Fund Balance	19,811,952	30,000,000	8,988,866	58,800,818
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 43,964,864	$ 30,000,000	$ 14,372,777	$ 88,337,641

See accompanying notes to the basic financial statements.

Massillon City School District
Stark County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2021

Total Governmental Fund Balances		$ 58,800,818
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		47,332,350
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental	$ 659,663	
Delinquent Property Taxes	2,846,788	3,506,451
The net pension liability and net OPEB liability are 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	3,223,638	
Deferred Outflows - Pension	10,031,927	
Deferred Outflows - OPEB	1,648,343	
Net Pension Liability	(54,972,257)	
Net OPEB Liability	(3,618,375)	
Deferred Inflows - Pension	(801,125)	
Deferred Inflows - OPEB	(6,011,729)	(50,499,578)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(5,530,000)	
Lease Purchase Agreement	(6,514,000)	
Accrued Vacation Leave Payable	(33,086)	
Compensated Absences	(3,304,587)	(15,381,673)
Net Position of Governmental Activities		$ 43,758,368

See accompanying notes to the basic financial statements.

Massillon City School District
Stark County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property and Other Local Taxes	$ 16,247,532	$ -	$ 2,432,082	$ 18,679,614
Income Taxes	7,033	-	-	7,033
Intergovernmental	32,981,005	-	11,466,188	44,447,193
Investment Income	47,293	-	8,483	55,776
Tuition and Fees	2,214,576	-	-	2,214,576
Extracurricular Activities	4,472	-	314,222	318,694
Charges for Services	9,311	-	28,137	37,448
Rent	40,262	-	-	40,262
Contributions and Donations	4,199	-	50,186	54,385
Payments in Lieu of Taxes	179,618	-	-	179,618
Miscellaneous	384,649	-	122,303	506,952
Total Revenues	52,119,950	-	14,421,601	66,541,551
Expenditures				
Current:				
Instruction:				
Regular	21,454,318	-	2,584,844	24,039,162
Special	5,099,221	-	1,888,402	6,987,623
Vocational	2,450,349	-	12,035	2,462,384
Student Intervention Services	17,871	-	9,602	27,473
Other	247,353	-	109,709	357,062
Support Services:				
Pupils	2,469,739	-	1,419,260	3,888,999
Instructional Staff	912,370	-	475,971	1,388,341
Board of Education	63,845	-	-	63,845
Administration	2,882,503	-	70,556	2,953,059
Fiscal	988,130	-	41,002	1,029,132
Operation and Maintenance of Plant	3,945,883	-	7,045,153	10,991,036
Pupil Transportation	1,808,052	-	150,701	1,958,753
Central	515,128	-	346,513	861,641
Operation of Non-Instructional/Shared Services:				
Food Service Operations	34,414	-	1,970,540	2,004,954
Community Services	-	-	739,619	739,619
Extracurricular Activities	1,248,081	-	371,238	1,619,319
Capital Outlay	-	-	624,340	624,340
Debt Service				
Principal Retirement	-	-	1,421,000	1,421,000
Interest and Fiscal Charges	-	-	338,385	338,385
Advance Refund Escrow	-	-	165,323	165,323
Total Expenditures	44,137,257	-	19,784,193	63,921,450
Excess of Revenues Over (Under) Expenditures	7,982,693	-	(5,362,592)	2,620,101
Other Financing Sources (Uses)				
Refunding Bonds Issued	-	-	5,360,000	5,360,000
Insurance Recoveries	2,855	-	-	2,855
Payment to Refunded Bond Escrow Agent	-	-	(5,296,000)	(5,296,000)
Transfers In	928	5,000,000	124,430	5,125,358
Transfers Out	(5,124,430)	-	(928)	(5,125,358)
Total Other Financing Sources (Uses)	(5,120,647)	5,000,000	187,502	66,855
Net Change in Fund Balances	2,862,046	5,000,000	(5,175,090)	2,686,956
Fund Balances Beginning of Year, Restated (See Note 2)	16,949,906	25,000,000	14,163,956	56,113,862
Fund Balances End of Year	$ 19,811,952	$ 30,000,000	$ 8,988,866	$ 58,800,818

See accompanying notes to the basic financial statements.

Massillon City School District
Stark County, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds		$ 2,686,956
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activites, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	$ 7,287,020	
Current Year Depreciation	(2,770,195)	4,516,825
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	42,903	
Other	(27,709)	
Property Taxes	(170,855)	(155,661)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	935,000	
Lease Purchase Agreement	486,000	1,421,000
Issuance of refunding bonds results in expenditures and other financing sources and uses in the governmental funds, but these transactions are reflected in the statement of net position as long-term deferred outflows and liabilities.		
Payment to Refunded Bond Escrow Agent	5,461,323	
Refunding Bonds Issued	(5,360,000)	101,323
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Amortization of Premium on Bonds	16,717	
Amortization of Refunding Loss	(13,827)	
Write off of Refunding Loss	(38,676) *	(35,786)
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	4,231,217	
OPEB	90,434	4,321,651
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(7,119,545)	
OPEB	192,572	(6,926,973)
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued Vacation Leave Payable	5,281	
Compensated Absences	256,719	262,000
Change in Net Position of Governmental Activities		$ 6,191,335

* The current year refunding resulted in a new accounting loss of $38,676. This amount is immaterial and was therefore recognized in fiscal year 2021, rather than being amortized.

Massillon City School District
Stark County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues and Other Financing Sources	$ 50,613,594	$ 60,178,676	$ 52,688,709	$ (7,489,967)
Expenditures and Other Financing Uses	50,004,700	57,279,408	51,293,322	5,986,086
Net Change in Fund Balance	608,894	2,899,268	1,395,387	(1,503,881)
Fund Balance Beginning of Year	18,033,301	18,033,301	18,033,301	-
Prior Year Encumbrances Appropriated	2,357,974	2,357,974	2,357,974	-
Fund Balance End of Year	$ 21,000,169	$ 23,290,543	$ 21,786,662	$ (1,503,881)

See accompanying notes to the basic financial statements.

Massillon City School District
Stark County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	Custodial
Assets	
Equity in Pooled Cash and Investments	$ 362
Net Position	
Restricted for Individuals, Organizations, and Other Governments	362

See accompanying notes to the basic financial statements.

Massillon City School District
Stark County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021

	Custodial
Additions	
Extracurricular Amounts Collected for Other Governments	$ 29,263
Total Additions	29,263
Deductions	
Extracurricular Distributions to Other Governments	40,807
Total Deductions	40,807
Change in Net Position	(11,544)
Net Position Beginning of Year, Restated (See Note 2)	11,906
Net Position End of Year	$ 362

See accompanying notes to the basic financial statements.

NOTE 1: NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

Massillon City School District (the "School District") is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected board form of government consisting of five members elected at-large for staggered four-year terms. The School District provides educational services as authorized by state statute and federal guidelines.

The School District is located in Stark County and encompasses the entire City of Massillon.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to, or can otherwise access, the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provides financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

The School District participates in one jointly governed organization and one public entity risk pool. These organizations are the Stark/Portage Area Computer Consortium (SPARCC) and the Stark County Schools Council of Governments Health Benefit Plan. They are presented in Notes 15 and 16.

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.

A. Basis of Presentation

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

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

The statement of net position presents the financial condition of the governmental activities of the School District at 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. Fiduciary funds are reported by type.

B. Fund Accounting

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

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

> ***General Fund*** - The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> ***Capital Projects Fund*** - The capital projects fund accumulates money for one or more capital projects in accordance with the Ohio Revised Code Section 5705.13.

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.

Fiduciary Funds – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. The School District does not have a private purpose trust fund. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The School District's fiduciary funds are custodial funds. Custodial funds are used to account for assets held by the School District as fiscal agent for athletic tournaments.

C. 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., expenditures) in total net position.

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

The custodial fund is reported using the economic resources measurement focus.

D. Basis of Accounting

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). 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 non-exchange 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 pension and OPEB. 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 10 and 11.

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 until that time. For the School District, deferred inflows of resources include property taxes, revenue in lieu of taxes, pension, OPEB and unavailable revenue. Property taxes and revenue in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow 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, income taxes, grants and entitlements and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 10 and 11).

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. Budgetary 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. Budgetary modifications at this level require a resolution of the Board of Education. The Treasurer has been given the authority to allocate Board appropriations to the function and object levels within each fund.

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

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

F. Cash and Investments

To improve cash management, all cash received by the School District is pooled. Monies for all 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" on the financial statements.

The School District utilizes a financial institution to service to hold lease proceeds. The proceeds will be spent as work is completed on the project. The balance in this account is presented on the Financial Statements as "Cash and Cash Equivalents with Fiscal Agent."

During fiscal year 2021, investments were limited to Federal National Mortgage Association notes, Federal Home Loan Bank notes, Federal Home Loan Mortgage notes, Federal Farm Credit Bank notes, First American Treasury Money Market, commercial paper, negotiable certificates of deposit, U.S. Treasury notes, municipal bonds and STAR Ohio.

Except for nonparticipating investment contracts, investments are reported at fair value. Nonparticipating investment contracts, such as repurchase agreements and nonnegotiable certificates of deposit, are reported at cost.

During the year 2021, 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 cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $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.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to $47,293, which includes $28,576 assigned from other School District funds.

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.”

G. Capital Assets

All capital assets of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of $5,000. The School District does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not.

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
Land Improvements	20 Years
Building and Improvements	20-50 Years
Furniture and Fixtures	3-20 Years
Vehicles	10-15 Years

H. 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 columns of the statement of net position.

I. Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments. The entire compensated absence liability is reported on the government-wide financial statements.

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. These amounts are recorded in the account "matured compensated absences payable" in the funds from which the employee will be paid.

J. 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 positon 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.

K. Accrued Liabilities and Long-Term Obligations

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

L. 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. 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, 2021, none of the School District's net position was restricted by enabling legislation. Net position restricted for other purposes include instructional activities, grants and extracurricular activities.

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

M. 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.

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.

N. 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.

O. Extraordinary and Special Items

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

P. 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.

Q. Implementation of New Accounting Policies

For the fiscal year ended June 30, 2021, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities,* GASB No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61,* certain provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates* and GASB Statement No. 98*, The Annual Comprehensive Financial Report.*

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 reviewed its funds for proper classification, and any fund reclassifications resulted in the restatement of the School District's financial statements (see below).

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the School District.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of the School District.

GASB Statement No. 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of GASB Statement No. 98 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, 2020:

	Governmental Activities
Net Position, June 30, 2020	$ 37,096,165
GASB Statement No. 84	470,868
Restated Net Position, June 30, 2020	$ 37,567,033

The implementation of GASB 84 had the following effect on fund balance as reported June 30, 2020:

	Other Governmental Funds
Fund Balance, June 30, 2020	$ 13,693,088
GASB Statement No. 84	470,868
Restated Fund Balance, June 30, 2020	$ 14,163,956

The implementation of GASB 84 had the following effect on fiduciary net position as reported June 30, 2020:

	Fiduciary Funds		
	Private Purpose Trust	Agency	Custodial
Net Position, June 30, 2020	$ 249,893	$ -	$ -
GASB Statement No. 84	(249,893)	-	11,906
Adjustments:			
Assets	-	(232,881)	-
Liabilities	-	232,881	-
Restated Net Position, June 30, 2020	$ -	$ -	$ 11,906

NOTE 3: ACCOUNTABILITY

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

		Deficit
Nonmajor Fund:		
Straight A Grant		
Vocational Education Enhancement	$	165,831
Title VI-B		8,527
Miscellaneous Federal Grants		475
Carl Perkins Grant		1,941
Title VI-R		4,558
Nonmajor Capital Project Fund:		
Building Fund		144,488
	$	325,820

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

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 for the general fund on the budgetary basis to provide meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

2. Expenditures/expenses and other uses 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 assigned or committed 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 on a fund type basis for the general fund.

Net Change in Fund Balance

GAAP Basis	$	2,862,046
Net Adjustment for Revenue Accruals		636,217
Net Adjustment for Expenditure Accruals		(228,520)
Funds Budgeted Elsewhere		1,929
Adjustment for Encumbrances		(1,876,285)
Budget Basis	$	1,395,387

** As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes uniform school supplies, rotary fund-special services, internal services rotary, unclaimed funds, termination of benefits and public school support funds.

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.

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 to 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 or 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 any 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 bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty and two hundred and seventy days, respectively, in an amount not to exceed forty percent of the interim moneys available for investment at any one time; and,

8. Under limited circumstances, corporate note interests noted 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.

Deposits - At year-end, $15,346,500 of the School District's bank balance of $15,719,240 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.

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.

Cash and Cash Equivalents with Fiscal Agent

Huntington Bank acts as a fiscal agent for the School District. This money is held in a trustee account for the constructing, equipping and improving of the project facilities. Collateral is held on direct deposit with the Federal Reserve.

Investments

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

S&P Global Ratings	Investment	Measurement Amount	Investment Maturities in Months 0-12	13-36	Over 36	% Total
	Net Asset Value (NAV):					
AAAm	First American Treasury Money Market	$ 17,879	$ 17,879	$ -	$ -	0.04%
AAAm	STAR Ohio	5,715,498	5,715,498	-	-	11.82%
	Fair Value:					
AA+	Federal Farm Credit Bank (FFCB)	1,078,826	-	-	1,078,826	2.23%
AA+	Federal National Mortgage Association (FNMA)	678,721	-	678,721	-	1.41%
AA+	Federal Home Loan Bank (FHLB)	6,455,688	-	3,248,516	3,207,172	13.35%
AA+	Federal Home Loan Mortage (FHLM)	4,556,256	-	1,824,980	2,731,276	9.42%
AA+	US Treasury Notes	499,160	-	499,160	0	1.03%
Aa2	Municipal Bonds	1,462,054	-	419,980	1,042,074	3.02%
A-1+	Commercial Paper	17,288,450	17,288,450	-	-	35.75%
N/A	Negotiable Certificates of Deposit	10,605,366	6,019,961	4,585,405	-	21.93%
	Total Investments	$ 48,357,898	$ 29,041,788	$ 11,256,762	$ 8,059,348	100.00%

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, 2021. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

Interest Rate Risk As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School District's investment policy limits investment portfolio maturities to five years or less. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk The School District's investments during fiscal year 2021 included STAR Ohio, Commercial Paper, certificates of deposit, First American Treasury Market, FHLM notes, FNMA notes, FHLB notes FFCB notes, and municipal bonds. 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, 2021, is 54 days. The School District has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

Concentration of Credit Risk The School District places no limit on the amount the School District may invest in any one issuer. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

NOTE 6: CAPITAL ASSETS

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

	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 3,707,386	$ -	$ -	$ 3,707,386
Construction in Progress	4,278,696	6,675,871	(10,954,567)	-
Total Capital Assets Not Being Depreciated	7,986,082	6,675,871	(10,954,567)	3,707,386
Capital Assets, Being Depreciated:				
Land Improvements	7,569,904	-	-	7,569,904
Buildings and Improvements	62,164,686	8,091,924	-	70,256,610
Furniture and Fixtures	15,276,028	3,252,611	(36,102)	18,492,537
Vehicles	4,387,099	221,181	(87,907)	4,520,373
Total Capital Assets, Being Depreciated	89,397,717	11,565,716	(124,009)	100,839,424
Less Accumulated Depreciation:				
Land Improvements	(6,045,209)	(210,384)	-	(6,255,593)
Buildings and Improvements	(35,131,993)	(1,641,021)	-	(36,773,014)
Furniture and Fixtures	(10,045,028)	(736,456)	36,102	(10,745,382)
Vehicles	(3,346,044)	(182,334)	87,907	(3,440,471)
Total Accumulated Depreciation	(54,568,274)	(2,770,195) *	124,009	(57,214,460)
Total Capital Assets, Being Depreciated, Net	34,829,443	8,795,521	-	43,624,964
Governmental Activities Capital Assets, Net	$ 42,815,525	$ 15,471,392	$ (10,954,567)	$ 47,332,350

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	$ 1,167,479
Special	22,287
Vocational	66,250
Adult/Continuing	54
Other	9,733
Support Services:	
Pupil	1,425
Instructional Staff	1,810
Administration	892
Fiscal	1,760
Operation and Maintenance of Plant	963,453
Pupil Transportation	160,453
Central	46,676
Operation of Non-Instructional Services:	
Food Services Operations	16,166
Community Services	12,438
Extracurricular Activities	299,319
Total Depreciation Expense	$ 2,770,195

NOTE 7: <u>PROPERTY TAXES</u>

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 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at 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 21. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien December 31, 2019, were levied after April 1, 2020 and are collected in 2021 with real property taxes. Public utility real property is assessed at thirty-five 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 Stark 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, 2021, are available to finance fiscal year 2021 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, 2021 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflow of resources.

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 2021 taxes were collected are:

	2020 Second Half Collections		2021 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$ 420,174,780	92.99%	$ 420,168,130	92.80%
Public Utility Personal Property	31,681,480	7.01%	32,584,150	7.20%
	$ 451,856,260	100.00%	$ 452,752,280	100.00%
Tax rate per $1,000 assessed valuation	$ 53.50		$ 54.00	

NOTE 8: RECEIVABLES

Receivables at June 30, 2021 consisted of taxes, revenue in lieu of taxes, accounts (miscellaneous and rent), interfund, 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 year guarantee of federal funds. All are expected to be received within one year.

NOTE 9: RISK MANAGEMENT

A. 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 2021, the School District contracted with Leonard Insurance/Ohio Casualty for various types of insurance as follows:

Coverage	Amount
General Liability:	
Occurrence	$ 1,000,000
Aggregate	2,000,000
Umbrella	10,000,000
Building and Contents	192,976,819
Automobile Liability	1,000,000

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

B. Employee Health Benefits

The School District participates in the Stark County Schools Council of Governments Health Benefits Plan, a shared risk pool (Note 16) to provide employee medical/surgical benefits. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Assembly is the legislative decision-making body of the Council. The Assembly is comprised of the superintendents or executive officers of the members, who have been appointed by the respective governing body of each member.

The intent of the insurance pool is to achieve a reduced, stable and competitive rate for the School District by grouping with other members of the Health Benefits Program. The experience of all participating districts is calculated as one and a common premium rate is applied to all member districts.

Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. For fiscal year 2021 the School District's premiums were $1,917.14 for family coverage and $789.19 for single coverage per employee per month. Dental and vision insurance is also provided by the School District to qualified employees through the Stark County Schools Council of Governments. For fiscal year 2021, the School District's cost was $230.56 and $48.97 for family coverage and $93.46 and $19.72 for single coverage per employee per month, respectively.

Claims are paid for all participants regardless of claims flow. Upon termination, all School District claims would be paid without regard to the School District's account balance. The Stark County Schools Council of Government Board of Directors has the right to return monies to an existing school district subsequent to the settlement of all expenses and claims.

C. Workers' Compensation

The School District participates in the Ohio Association of School Business Officials Group Retrospective Rating Program ("GRRP"). The intent of the GRRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP.

Each participant continues to pay their own individual premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the GRRP. Depending on that performance, the participating employers can receive either a premium refund or assessment. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRRP.

NOTE 10: 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.

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 11 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 under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	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) 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 zero 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, 2021, 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 2021.

The School District's contractually required contribution to SERS was $811,000 for fiscal year 2021. Of this amount, $57,887 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.

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. 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 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. Eligibility changes for actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all 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 plan unfunded liability. A member is eligible to receive a monthly retirement benefit at age 50 and termination of employment. The member may elect to receive a lump-sum withdrawal.

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members 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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2021 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was $3,420,217 for fiscal year 2021. Of this amount, $642,816 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an 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:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.16012150%	0.18342153%	
Prior Measurement Date	0.16550580%	0.18437335%	
Change in Proportionate Share	-0.00538430%	-0.00095182%	
Proportionate Share of the Net Pension Liability	$ 10,590,773	$ 44,381,484	$ 54,972,257
Pension Expense	$ 1,049,494	$ 6,070,051	$ 7,119,545

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

	SERS		STRS		Total	
Deferred Outflows of Resources						
Differences between Expected and Actual Experience	$	20,573	$	99,580	$	120,153
Net Difference between Projected and Actual Earnings on Pension Plan Investments		672,296		2,158,277		2,830,573
Changes of Assumptions		-		2,382,430		2,382,430
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		-		467,554		467,554
School District Contributions Subsequent to the Measurement Date		811,000		3,420,217		4,231,217
Total Deferred Outflows of Resources	$	1,503,869	$	8,528,058	$	10,031,927
Deferred Inflows of Resources						
Differences between Expected and Actual Experience	$	-	$	283,788	$	283,788
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		312,461		204,876		517,337
Total Deferred Inflows of Resources	$	312,461	$	488,664	$	801,125

$4,231,217 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS		STRS		Total	
Fiscal Year Ending June 30:						
2022	$	(241,638)	$	1,606,566	$	1,364,928
2023		131,330		835,346		966,676
2024		280,229		1,248,372		1,528,601
2025		210,487		928,893		1,139,380
	$	380,408	$	4,619,177	$	4,999,585

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 2130.

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

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

Actuarial Cost Method	Entry Age Normal (Level Percentage of Payroll, Closed)
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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	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 24-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	$ 14,508,066	$ 10,590,773	$ 7,304,090

Actuarial Assumptions - STRS

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

Inflation	2.50 percent
Acturial Cost Method	Entry Age Normal (Level Percent of Payroll)
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
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality 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, 2020 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2011, through June 30, 2016.

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

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

*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, 2020. 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, 2020. 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, 2020.

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, 2020, 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	$ 63,191,506	$ 44,381,484	$ 28,441,556

NOTE 11: DEFINED BENEFIT OPEB PLANS

See Note 10 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 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, 2021, 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 2021, this amount was $23,000. 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 2021, the School District's surcharge obligation was $90,434, which is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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, 2021, 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, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.16649000%	0.18342200%	
Prior Measurement Date	0.16938400%	0.18437300%	
Change in Proportionate Share	-0.00289400%	-0.00095100%	
Proportionate Share of the Net OPEB Liability (Asset)	$ 3,618,375	$ (3,223,638)	
OPEB Expense	$ 753	$ (193,325)	$ (192,572)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 47,522	$ 206,559	$ 254,081
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	40,772	112,978	153,750
Changes of Assumptions	616,806	53,213	670,019
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	407,998	72,061	480,059
School District Contributions Subsequent to the Measurement Date	90,434	-	90,434
Total Deferred Outflows of Resources	$ 1,203,532	$ 444,811	$ 1,648,343

		SERS		STRS		Total
Deferred Inflows of Resources						
Differences between Expected and Actual Experience	$	1,840,195	$	642,102	$	2,482,297
Changes of Assumptions		91,138		3,061,921		3,153,059
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions		273,771		102,602		376,373
Total Deferred Inflows of Resources	$	2,205,104	$	3,806,625	$	6,011,729

$90,434 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

		SERS		STRS		Total
Fiscal Year Ending June 30:						
2022	$	(184,420)	$	(834,083)	$	(1,018,503)
2023		(181,471)		(757,612)		(939,083)
2024		(181,949)		(730,787)		(912,736)
2025		(248,626)		(715,820)		(964,446)
2026		(221,352)		(167,514)		(388,866)
Thereafter		(74,188)		(155,998)		(230,186)
	$	(1,092,006)	$	(3,361,814)	$	(4,453,820)

Actuarial Assumptions - SERS

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

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

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

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

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	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate	
Measurement Date	2.63 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.22 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.

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

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 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, 2034. 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 2.45 percent, as of June 30, 2020 (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 (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 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.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	$ 4,428,798	$ 3,618,375	$ 2,974,086

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	$ 2,849,193	$ 3,618,375	$ 4,646,962

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, 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	Initial	Ultimate
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-6.69 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	11.87 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, 2020 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:

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

*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, 2020. 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, 2020.

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, 2020, 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 asset as of June 30, 2020, 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)	$ (2,804,776)	$ (3,223,638)	$ (3,579,029)

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	$ (3,556,969)	$ (3,223,638)	$ (2,817,593)

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

NOTE 12: OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and state laws. All employees earn three days of personal leave per year. Unused personal leave is converted to sick leave accumulation. Classified employees earn ten to 26 days of vacation per fiscal year, depending upon length of service and position. Vacation days may be accumulated up to a maximum of 26 days. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

All employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 313 days for union personnel (OAPSE 114) and 324 days for the secretarial staff (OAPSE 148). Members of the Massillon Education Association accrue sick leave to a maximum of 316 days. Administrators and executive staff may accumulate up to a maximum of 320 days. Upon completion of ten or more years of service to the School District, state, or other political subdivision, and retirement from the profession, payment is made for one-fourth of accrued, but unused sick leave credit up to a maximum of 78 days for certified employees and 81 days for union personal (OAPSE 114); the bargaining unit for the secretarial staff (OAPSE 148) has no maximum days for severance payout.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to all employees through the Stark County Schools Council of Governments Health Benefit Plan. Coverage of $50,000 is provided for all certified and classified employees.

NOTE 13: INTERFUND ACTIVITY

A. Interfund Balances

Interfund balances at June 30, 2021 consist of the following individual fund receivables and payables:

Interfund Payable	Interfund Receivable General
Nonmajor Capital Project Fund:	
LFI Building Fund Roof Project	$ 144,488
Nonmajor Special Revenue Funds:	
ESSER	4,278
IDEA Part B	28,434
Title I School Improvement	1,662
Title I	1,519
Title VI-R	4,096
Title IV Student Support	471
Total	$ 184,948

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

B. Interfund Transfers

	Transfer In	Transfer Out
Major Funds:		
General	$ 928	$ 5,124,430
Nonmajor Funds:		
Special Trust Funds	1,000	-
Capital Projects Fund	5,000,000	-
Student Activities	3,500	928
Athletics	119,930	-
Total	$ 5,125,358	$ 5,125,358

During fiscal year 2021, the general fund transferred revenue to several funds to provide additional resources for current operations. The student activities fund transferred $928 to refund the general fund for invoices paid. Interfund transfers between governmental funds are eliminated in the statement of activities.

NOTE 14: LONG-TERM OBLIGATIONS

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

	Outstanding 6/30/2020	Additions	Deductions	Outstanding 6/30/2021	Due Within One Year
Governmental Activities:					
General Obligation Bonds:					
2011 Obligation Various Purpose Bonds					
Term Bonds	$ 1,070,000	$ -	$ (900,000)	$ 170,000	$ 170,000
2011 Refunding Bonds					
Serial Bonds	5,395,000	-	(5,395,000)	-	-
Unamortized Premium	378,908	-	(378,908)	-	-
2020 Refunding Bonds					
Term Bonds	-	4,625,000	-	4,625,000	850,000
2020 Refunding Bonds					
Term Bonds	-	735,000	-	735,000	-
Total General Debt Obligations	6,843,908	5,360,000	(6,673,908)	5,530,000	1,020,000
Direct Borrowings:					
2019 Lease-Purchase Agreement	7,000,000	-	(486,000)	6,514,000	502,000
Net Pension/OPEB Liability:					
Pension	50,675,560	4,296,697	-	54,972,257	-
OPEB	4,259,654	-	(641,279)	3,618,375	-
Total Net Pension/OPEB Liability	54,935,214	4,296,697	(641,279)	58,590,632	-
Other Long-Term Obligations:					
Compensated Absences	3,561,306	-	(256,719)	3,304,587	196,711
Total General Long-Term Obligations	$ 72,340,428	$ 9,656,697	$ (8,057,906)	$ 73,939,219	$ 1,718,711

2011 Limited Tax General Obligation Various Purpose Bonds

On July 13, 2011, the School District issued $2,425,000 of limited tax general obligation various purpose bonds, which included serial and term bonds in the amount of $1,355,000 and $1,070,000, respectively. Interest rates range from 1.00 to 3.00 percent on the serial bonds and 3.25 to 3.75 percent on the term bonds. They were issued for a fourteen year period with final maturities at December 1, 2025. The bonds refunded $2,425,000 of outstanding 2010 bond anticipation notes. The bonds were issued for the purchase of buses, and installations, modifications and remodeling of school buildings to conserve energy.

2011 Classroom Facilities Refunding General Obligation Bonds

On March 10, 2011, the School District issued $9,019,995 in voted general obligation bonds, which included serial and capital appreciation (deep discount) bonds in the amount of $8,810,000 and $209,995, respectively. The bonds advance refunded $9,015,000 of outstanding 2003 Classroom Facilities General Obligation Bonds. The bonds were issued for a fifteen year period and the 2003 bonds were issued for a twenty-three year period with final maturities at December 1, 2025.

At the date of refunding, $9,844,506 (including premium and after underwriting fees and other issuance costs) was received to pay off old debt. As a result, $9,015,000 of the 2003 Series Bonds are considered to be defeased. The liability of the bonds was removed from the financial statements at the time of the refunding. The advance refunding reduced cash flows required for debt service by $424,543 over the next thirteen years and resulted in an economic gain of $345,154. The $7,760,000 of the defeased bonds were called on December 1, 2012.

The bonds were issued with a premium of $1,002,991, 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 amortization of the premium for fiscal year 2020 was $66,866. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of $829,506. This difference, reported in the accompanying financial statements as a deferred outflow of resources - deferred charges on refunding, is being amortized to interest expense over the life of the bonds using the straight-line method.

2020 Classroom Facilities Refunding Bonds

On September 18, 2020, the School District issued two sets of general obligation bonds one for 4,625,000 and the other for $735,000. The bonds were issued to refund $4,625,000 of outstanding 2011 Classroom Facilities Refunding General Obligation Bonds and $735,000 of 2011 Limited Tax General Obligation Various purpose Bonds. The bonds were issued for a five year period with final maturities at December 1, 2025.

At the date of refunding, $4,712,837 and $748,486 (including premium and after underwriting fees and other issuance costs) was received to pay off old debt. As a result, $4,625,000 and $735,000 of the 2011 Classroom Facilities Refunding General Obligation Bonds and 2011 Limited Tax General Obligation Various purpose Bonds, respectively were considered to be defeased. The liability of the bonds was removed from the financial statements at the time of the refunding. The advance refunding reduced cash flows required for debt service by $414,694 and $63,110 for the 2011 Classroom Facilities Refunding General Obligation Bonds and 2011 Limited Tax General Obligation Various purpose Bonds, respectively over the next five years. This refunding also resulted in an economic gain of $353,299 and $46,629 for the 2011 Classroom Facilities Refunding General Obligation Bonds and 2011 Limited Tax General Obligation Various purpose Bonds, respectively. The $4,625,000 and the $735,000 of the defeased bonds were called on December 1, 2020.

2019 Lease-Purchase Agreement

In fiscal year 2020 the School District entered into a grounds lease with Huntington National Bank for the construction, enlarging or other improvement, furnishing and equipping and eventual acquisition of the project facilities. Interest accrues at 3.20 percent on the lease-purchase and the maturity date is December 1, 2031. Massillon middle school is held for collateral. At the time the School District entered into the lease the construction had not been started. As part of the agreement, Huntington National Bank, as lessor, deposited $7,000,000 with a trustee for the construction.

In the event of default, as defined by the lease agreement, the amounts payable by the School District may become due. If payments are not made, the lessor may retake possession of the leased property and may sell, sublease the leased property or demand all remaining sums of the project fund be returned. The lessor may exercise any other rights, remedy or privilege that may be available under the State laws to enforce the terms of the lease or recover damages for the breach of the contract. The School District will be held liable for amounts payable.

The land and existing improvements included in the leased property are owned by the School District and are leased to the Huntington National Bank pursuant to the ground lease. The proceeds of from the lease-purchase agreement is expected to be used to pay costs of construction, equipping and improving of the project facilities not included in the leased property.

The general obligation various purpose bonds are paid from the permanent improvement funds and the classroom facilities bonds are paid from the bond retirement fund. The lease-purchase agreement will be paid from the general and permanent improvement funds. Compensated absences will be paid from the general fund and the food service fund. 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 10 and 11.

The following is a summary of the School District's annual debt service principal and interest payments on debt outstanding at June 30, 2021:

Fiscal Year	General Obligation Bonds		Lease-Purchase		Total	
Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 1,020,000	$ 54,791	$ 502,000	$ 200,416	$ 1,522,000	$ 255,207
2023	1,085,000	41,957	519,000	184,080	1,604,000	226,037
2024	1,105,000	30,381	536,000	167,200	1,641,000	197,581
2025	1,130,000	18,557	553,000	149,776	1,683,000	168,333
2026	1,190,000	6,287	571,000	131,792	1,761,000	138,079
2027-2031	-	-	3,142,000	368,320	3,142,000	368,320
2032	-	-	691,000	11,056	691,000	11,056
Total	$ 5,530,000	$ 151,973	$ 6,514,000	$ 1,212,640	$ 12,044,000	$ 1,364,613

NOTE 15: JOINTLY GOVERNED ORGANIZATION

The Stark Portage Area Computer Consortium (SPARCC) is a jointly governed organization among 31 school districts, and the Stark County Educational Service Center. The purpose of the organization is to apply modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The legislative and advisory body is the assembly which is comprised of the superintendents of the participating schools. The degree of control exercised by any participating district is limited to its representation on the assembly, which appoints the five-member executive board. The executive board exercises total control over the operation of SPARCC including budgeting, appropriating, contracting and designating management. The executive board consists of five superintendents. All revenues are generated from State funding and an annual fee charged to participating districts. The School District paid $222,573 to SPARCC during the fiscal year 2021. The Stark County Educational Service Center is the fiscal agent of SPARCC. Financial information can be obtained by writing to the Stark County Educational Service Center, 6057 Strip Avenue NW, North Canton, Ohio 44720.

NOTE 16: PUBLIC ENTITY RISK POOL

The Stark County Schools Council of Governments Health Benefit Plan (Council) is a shared risk pool created pursuant to state statute for the purpose of administering health care benefits. The Council is governed by an assembly, which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one-year terms to serve on the board of directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans.

NOTE 17: CONTINGENCIES

A. 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, 2021, if applicable, cannot be determined at this time.

B. 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 2021 are finalized. As a result, the net impact of the FTE adjustments on the fiscal year 2021 financial statements was a payable of the School District.

C. 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.

NOTE 18: COMMITMENTS

Outstanding encumbrances for governmental funds include $1,570,590 in the general fund, and $851,783 in nonmajor governmental funds.

Based on timing of when contracts are encumbered, contractual commitments identified above may or may not be included in the outstanding encumbrance commitments previously disclosed in this note.

NOTE 19: SET-ASIDE CALCULATIONS

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 changes in the year-end set-aside amounts. Disclosure of this information is required by State statute.

	Capital Improvements
Set-Aside Restricted Balance as of June 30, 2020	$ -
Current Year Set-Aside Requirement	686,471
Current Year Offsets	(2,155,709)
Totals	$ (1,469,237)
Balance Carried Forward to Fiscal Year 2022	$ -
Set-Aside Restricted Balance as of June 30, 2021	$ -

Although the School District had offsets (permanent improvement and classroom facilities maintenance property tax levy proceeds) during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years.

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NOTE 20: 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	Capital Projects Fund	Other Governmental Funds	Total
Nonspendable for:				
Unclaimed Monies	$ 16,141	$ -	$ -	$ 16,141
Prepaids	68,784	-	3,000	71,784
Total Nonspendable	84,925	-	3,000	87,925
Restricted for:				
Debt Service	-	-	464,330	464,330
Capital Outlay	-	-	990,612	990,612
Other Purposes	-	-	258,273	258,273
Food Services	-	-	1,194,831	1,194,831
Classroom Facilities Maintenance	-	-	1,057,004	1,057,004
Student Activities Programs	-	-	732,578	732,578
State Funded Programs	-	-	723,784	723,784
Total Restricted	-	-	5,421,412	5,421,412
Commited for:				
Termination of Benefits	3,758	-	-	3,758
Capital Outlay	-	-	3,890,274	3,890,274
Total Commited	3,758	-	3,890,274	3,894,032
Assigned for:				
Subsequent Years Appropriations	4,946,728	-	-	4,946,728
Encumbrances:				
Instruction	352,306	-	-	352,306
Support Services	1,197,772	-	-	1,197,772
Community Services	10,781	-	-	10,781
Extracurricular Activities	6,828	-	-	6,828
Building Projects	-	30,000,000	-	30,000,000
Total Assigned	6,514,415	30,000,000	-	36,514,415
Unassigned	13,208,854	-	(325,820)	12,883,034
Total Fund Balance	$ 19,811,952	$ 30,000,000	$ 8,988,866	$ 58,800,818

NOTE 21: COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency continues. During fiscal year 2021, the School District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

NOTE 22: SUBSEQUENT EVENT

For fiscal year 2022, school district foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school and scholarship funding will be directly funded by the State of Ohio to the respective schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the respective school. For fiscal year 2021, the School District reported $1,192,371 in revenues and expenditures/expenses related to these programs. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each school district. The School District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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Stark County, Ohio

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

Last Eight Fiscal Years (1)

	2021	2020	2019	2018
School Employees Retirement System (SERS)				
School District's Proportion of the Net Pension Liability	0.16012150%	0.16550580%	0.17679460%	0.14986160%
School District's Proportionate Share of the Net Pension Liability	$ 10,590,773	$ 9,902,502	$ 10,125,354	$ 8,953,900
School District's Covered Payroll	$ 5,655,029	$ 5,748,081	$ 5,470,889	$ 5,074,364
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	187.28%	172.27%	185.08%	176.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%
State Teachers Retirement System (STRS)				
School District's Proportion of the Net Pension Liability	0.18342153%	0.18437335%	0.18220920%	0.17937840%
School District's Proportionate Share of the Net Pension Liability	$ 44,381,484	$ 40,773,058	$ 40,063,712	$ 42,611,723
School District's Covered Payroll	$ 21,929,193	$ 21,687,293	$ 21,056,736	$ 19,794,529
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	202.39%	188.00%	190.27%	215.27%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.31%	75.30%

(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.

See accompanying notes to the required supplementary information.

2017	2016	2015	2014
0.15891950%	0.15948870%	0.16572900%	0.16572900%
$ 11,631,441	$ 9,100,580	$ 8,387,450	$ 9,855,372
$ 7,617,271	$ 5,100,167	$ 6,999,242	$ 6,629,335
152.70%	178.44%	119.83%	148.66%
62.98%	69.16%	71.70%	65.52%
0.17916856%	0.17250585%	0.17463428%	0.17463428%
$ 59,973,118	$ 47,675,571	$ 42,477,101	$ 50,598,444
$ 19,339,057	$ 15,599,657	$ 15,732,546	$ 20,886,800
310.11%	305.62%	270.00%	242.25%
66.80%	72.10%	74.70%	69.30%

See accompanying notes to the required supplementary information.

Massillon City School District
Stark County, Ohio
Required Supplementary Information
Schedule of the School District's Contributions - Pension
Last Ten Fiscal Years

	2021	2020	2019	2018
School Employees Retirement System (SERS)				
Contractually Required Contribution	$ 811,000	$ 791,704	$ 775,991	$ 738,570
Contributions in Relation to the Contractually Required Contribution	(811,000)	(791,704)	(775,991)	(738,570)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School District's Covered Payroll	$ 5,792,857	$ 5,655,029	$ 5,748,081	$ 5,470,889
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 3,420,217	$ 3,070,087	$ 3,036,221	$ 2,947,943
Contributions in Relation to the Contractually Required Contribution	(3,420,217)	(3,070,087)	(3,036,221)	(2,947,943)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School District's Covered Payroll	$ 24,430,121	$ 21,929,193	$ 21,687,293	$ 21,056,736
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

2017	2016	2015	2014	2013	2012
$ 710,411	$ 1,066,418	$ 672,202	$ 970,095	$ 917,500	$ 964,210
(710,411)	(1,066,418)	(672,202)	(970,095)	(917,500)	(964,210)
$ -	$ -	$ -	$ -	$ -	$ -
$ 5,074,364	$ 7,617,271	$ 5,100,167	$ 6,999,242	$ 6,629,335	$ 7,168,848
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%
$ 2,771,234	$ 2,707,468	$ 2,183,952	$ 2,045,231	$ 2,715,284	$ 2,607,066
(2,771,234)	(2,707,468)	(2,183,952)	(2,045,231)	(2,715,284)	(2,607,066)
$ -	$ -	$ -	$ -	$ -	$ -
$ 19,794,529	$ 19,339,057	$ 15,599,657	$ 15,732,546	$ 20,886,800	$ 20,054,354
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

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Massillon City School District
Stark County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability/(Asset)
Last Five Fiscal Years (1)

	2021	2020	2019	2018	2017
School Employees Retirement System (SERS)					
School District's Proportion of the Net OPEB Liability	0.166490%	0.169384%	0.17780600%	0.15188860%	0.16547982%
School District's Proportionate Share of the Net OPEB Liability	$ 3,618,375	$ 4,259,654	$ 4,932,819	$ 4,076,291	$ 4,716,787
School District's Covered Payroll	$ 5,655,029	$ 5,748,081	$ 5,470,889	$ 5,074,364	$ 7,617,271
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	63.99%	74.11%	90.16%	80.33%	61.92%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%
State Teachers Retirement System (STRS)					
School District's Proportion of the Net OPEB Liability/(Asset)	0.183422%	0.184373%	0.18220920%	0.17937840%	0.17916856%
School District's Proportionate Share of the Net OPEB Liability/(Asset)	$ (3,223,638)	$ (3,053,659)	$ (2,927,916)	$ 6,998,683	$ 9,581,981
School District's Covered Payroll	$ 21,929,193	$ 21,687,293	$ 21,056,736	$ 19,794,529	$ 19,339,057
School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-14.70%	-14.08%	-13.90%	35.36%	49.55%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	182.10%	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.

Massillon City School District
Stark County, Ohio
Required Supplementary Information
Schedule of the School District's Contributions - OPEB
Last Ten Fiscal Years

	2021	2020	2019	2018
School Employees Retirement System (SERS)				
Contractually Required Contribution (1)	$ 90,434	$ 108,529	$ 130,872	$ 116,519
Contributions in Relation to the Contractually Required Contribution	(90,434)	(108,529)	(130,872)	(116,519)
Contribution Deficiency (Excess)	$ -	$ 0	$ 0	$ 0
School District's Covered Payroll	$ 5,379,379	$ 5,655,029	$ 5,748,081	$ 5,470,889
OPEB Contributions as a Percentage of Covered Payroll (1)	1.68%	1.92%	2.28%	2.13%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ -	$ -	$ -	$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School District's Covered Payroll	$ 19,838,579	$ 21,929,193	$ 21,687,293	$ 21,056,736
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information.

2017	2016	2015	2014	2013	2012
$ 81,920	$ 102,750	$ 152,170	$ 116,937	$ 112,643	$ 39,429
(81,920)	(102,750)	(152,170)	(116,937)	(112,643)	(39,429)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 5,074,364	$ 7,617,271	$ 5,100,167	$ 6,999,242	$ 6,629,335	$ 7,168,848
1.61%	1.35%	2.98%	1.67%	1.70%	0.55%
$ -	$ -	$ -	$ 157,325	$ 208,868	$ 200,544
-	-	-	(157,325)	(208,868)	(200,544)
$ -	$ -	$ -	$ -	$ -	$ -
$ 19,794,529	$ 19,339,057	$ 15,599,657	$ 15,732,546	$ 20,886,800	$ 20,054,354
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information.

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.

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 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

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

Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare

Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
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 2021	5.25 percent initially, decreasing to 4.75 percent
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 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

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.

Changes in Benefit Terms – STRS

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

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.

MASSILLON CITY SCHOOL DISTRICT
STARK COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR *Pass Through Grantor* **Program / Cluster Title**	**Federal CFDA Number**	**Pass Through Entity Identifying Number**	**Total Federal Expenditures**	**Total Federal Non-Cash Expenditures**
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education				
Child Nutrition Cluster:				
School Breakfast Program	10.553	044354-3L70-2021	2,478	
National School Lunch Program	10.555	044354-3L60-2021	37,141	
Summer Food Service Program for Children	10.559	044354-3GE0-2021	1,341,086	226,286
COVID-19 Summer Food Service Program for Children	10.559	044354-3GE0-2021	354,481	
Child Nutrition Discretionary Grants Limited Availability	10.579	044354-3GF0-2021	5,100	
Total Nutrition Cluster			1,740,286	226,286
Total U.S. Department of Agriculture			**1,740,286**	**226,286**
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education				
Title I Grants to Local Educational Agencies	84.010	044354-3M00-2020	238,520	
Title I Grants to Local Educational Agencies	84.010	044354-3M00-2021	1,450,410	
Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	044354-3M00-2021	35,053	
Title I Non-Competitive Supplemental School Improvement	84.010A	044354-3M00-2021	34,162	
Total Title I Grants			1,758,145	
Special Education Cluster:				
Special Education Grants to States	84.027	044354-3M20-2020	146,507	
Special Education Grants to States	84.027	044354-3M20-2021	854,128	
Early Childhood Special Education	84.173	044354-3C50-2021	15,567	
Preschool Restoration	84.173A	044354-3C50-2020	119	
Total Special Education Cluster			1,016,321	
Career and Technical Education Basic Grants to States	84.048	044354-3L90-2020	8,140	
Career and Technical Education Basic Grants to States	84.048	044354-3L90-2021	51,717	
Total Career and Technical Education Basic Grants to States			59,857	
Supporting Effective Instruction State Grants	84.367	044354-3Y60-2020	39,150	
Supporting Effective Instruction State Grants	84.367	044354-3Y60-2021	213,425	
Total Supporting Effective Instruction State Grants			252,575	
Student Support and Academic Enrichment Program	84.424	044354-3HI0-2020	7,195	
Student Support and Academic Enrichment Program	84.424	044354-3HI0-2021	78,489	
Total Student Support and Academic Enrichment Program			85,684	
COVID-19 Elementary and Secondary School Emergency Relief Fund I	84.425D	044354-3HS0-2020	1,254,490	
COVID-19 Elementary and Secondary School Emergency Relief Fund II	84.425D	044354-3HS0-2021	1,270,064	
Total COVID-19 Elementary and Secondary School Emergency Relief Fund			2,524,554	
Total U.S. Department of Education			**5,697,136**	
U.S. DEPARTMENT OF THE TREASURY				
Passed Through Ohio Department of Education				
COVID-19 Coronavirus Relief Fund	21.019	Not Available	354,425	
Total U.S. Department of the Treasury			**354,425**	
INSTITUTE OF MUSEUM AND LIBRARY SERVICES				
Passed Through State Library of Ohio				
COVID-19 CARES Act Mini-Grant Program	45.312	Not Available	3,000	
Total Institute of Musuem and Library Services			**3,000**	
Total Expenditures of Federal Awards			**$7,794,847**	**$226,286**

The accompanying notes are an integral part of this schedule.

MASSILLON CITY SCHOOL DISTRICT
STARK COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2021

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Massillon City School District (the District's) under programs of the federal government for the year ended June 30, 2021. 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 and changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

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*

Massillon City School District
Stark County
930 17th Street N.E.
Massillon, Ohio 44646

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 Massillon City School District, Stark County, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 28, 2022, wherein we noted the District implemented Governmental Accounting Standards Board Statement No. 84. We also 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 opinion 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 28, 2022

OHIO AUDITOR OF STATE
KEITH FABER

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

Massillon City School District
Stark County
930 17th Street N.E.
Massillon, Ohio 44646

To the Board of Education:

Report on Compliance for the Major Federal Programs

We have audited Massillon 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 Massillon City School District's major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the 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 program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for 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 the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Programs

In our opinion, Massillon 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, 2021.

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 28, 2022

MASSILLON CITY SCHOOL DISTRICT
STARK COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Title I Grants to Local Agencies (84.010) Expanding Opportunities For Each Child Non-Competitive Grant (84.010A) Title I Non-Competitive Supplemental School Improvement (84.010A) Elementary and Secondary School Emergency Relief Fund I and II (84.425D)
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**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

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OHIO AUDITOR OF STATE
KEITH FABER

MASSILLON CITY SCHOOL DISTRICT

STARK 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 3/24/2022

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